

CITY OF MESA, AZ

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

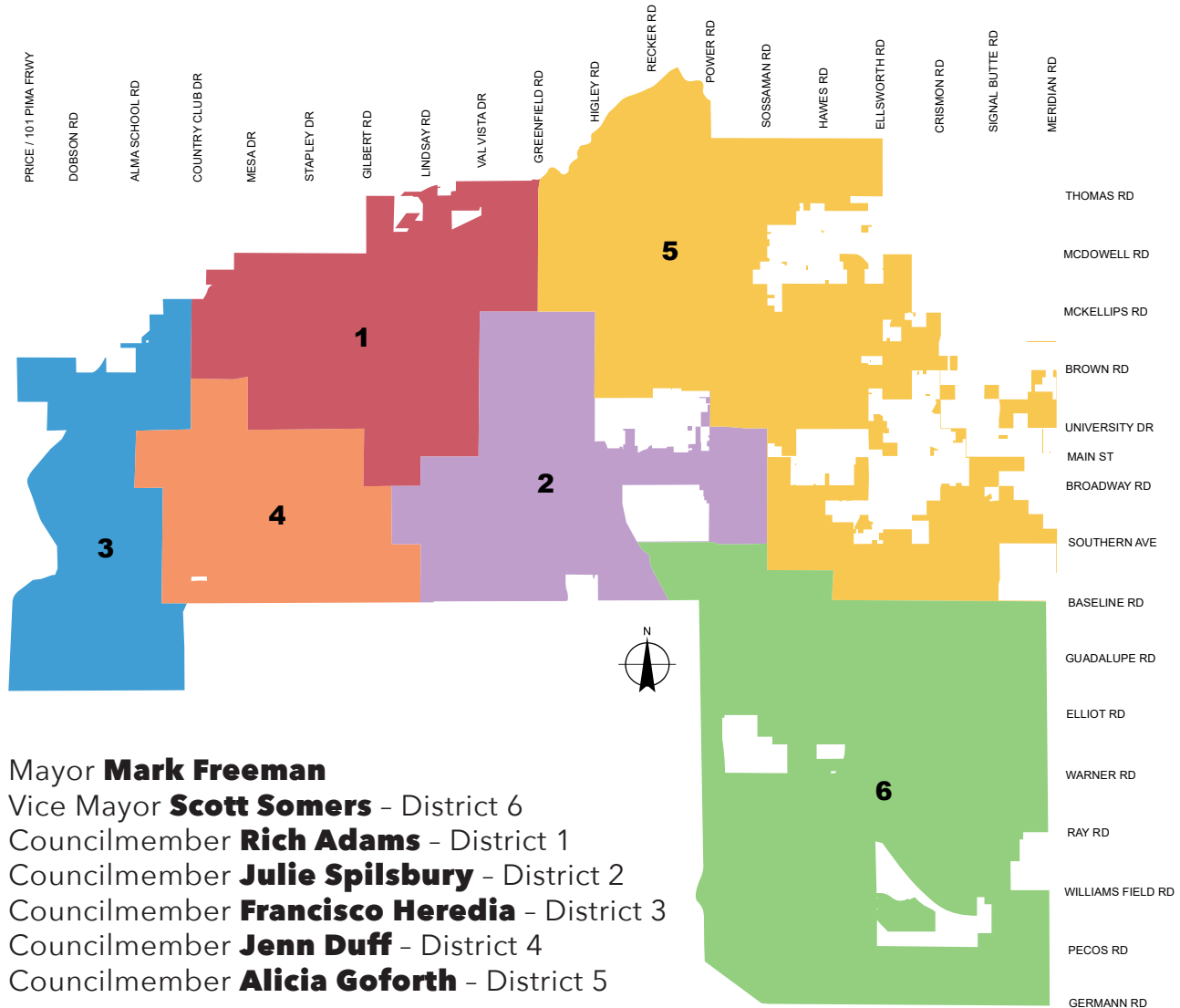
FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



# CITY OF MESA, AZ

# DISTRICT MAP

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025

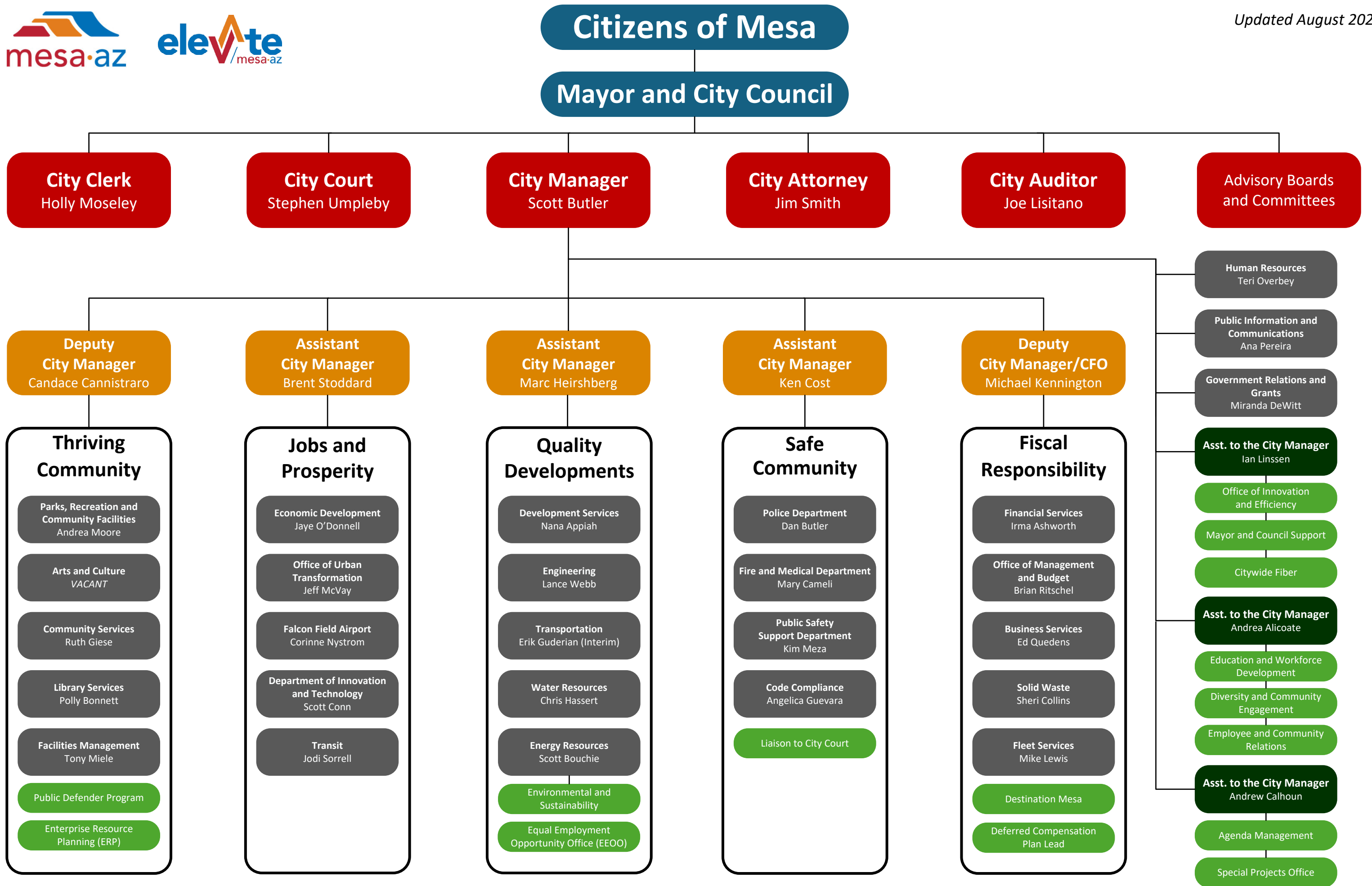


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CITY OF MESA, AZ

# INTRODUCTORY SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



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December 16, 2025

**To the Citizens, Honorable Mayor, City Council and City Manager:**

The Annual Comprehensive Financial Report of the City of Mesa (the “City”) for the fiscal year ended June 30, 2025, is hereby submitted.

Prepared by the Financial Services Department, this report consists of management’s representations concerning the finances of the City of Mesa. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

## Profile of the City

The City was founded in 1878 and incorporated July 15, 1883, with an approximate population of 300 and an area of one square mile. Today, the City's estimated population, as measured by the US Census Bureau is 517,151 as compared with the 2020 decennial census count of 504,258. Total land area encompasses 138.7 square miles. The City is the 36th largest city in the United States and is the third largest city in the State of Arizona. Mesa is located 16 miles east of Phoenix, the State Capitol. The City operates under a Council-Manager form of government with citizens electing a Mayor and six Councilmembers to set policy for the City. City Councilmembers are elected from districts and serve terms of four years, with three members being elected every two years. The Mayor is elected at-large every four years. The Mayor and Council are elected on a non-partisan basis, and the Vice Mayor is selected by the City Council.

The Mayor and City Council are responsible for appointing the City Manager, City Attorney, City Auditor, City Clerk and the Presiding City Magistrate. The City Manager has full responsibility for carrying out City Council policies and administering City operations and is responsible for the hiring of City employees. Additionally, City employees are hired under merit system procedures as specified in the City Charter.

An allocated staff of 4,801 full-time (equivalent) City employees working within 30 different City departments undertakes the various functions of Mesa's city government and its operation. The City provides a full range of municipal services, including police and fire protection, parks and recreation, library, transportation, health and certain social services and general administration; and the City owns and operates enterprises including operations of electric, gas, water, wastewater, solid waste, and an airport.

Since 1952, Mesa has hosted the Chicago Cubs for Spring Training baseball. In 2014, the Cubs moved into the newly constructed Sloan Park where they continue to lead Major League Baseball in Spring Training attendance, averaging approximately 12,643 fans per game. The Athletic's also call Mesa home for Spring Training, playing at the renovated Hohokam Stadium.

The annual budget serves as the foundation for the City's financial planning and control. Historical data is analyzed during the creation of a multi-year financial forecast. The forecast provides a framework to assist Mesa's elected officials and executive team to make important decisions about the direction of the City.

The City Council sets the City's long-term strategic direction and provides staff with budget priorities for the upcoming fiscal year. A proposed budget is presented to the City Council for review and discussion in mid spring with the final adoption of the operating budget by resolution in late spring. The City of Mesa begins the fiscal year on July 1st.

Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total, as well as from the resolution that sets the limit. In November 2024, Mesa voters approved a Permanent Base Adjustment to the State of Arizona's expenditure limitation, replacing the previous Home Rule exemption. This adjustment provides the City with greater long-term flexibility in determining its budget levels, as long as sufficient resources are identified to cover expenses.

The budget is annually appropriated for all funds and consists of all planned expenditures and the associated resources to cover them. While the State does not require trust fund expenditures to be appropriated, the City chooses to include them in order to fully represent City activity.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Local Economy**

The City of Mesa continues to prosper and experience record-setting growth across all areas of the community, with strong gains in both commercial and residential development. From the revitalized historic downtown and expanding innovation districts to the advanced manufacturing and technology corridor in southeast Mesa, the City is realizing one of the fastest-growing local economies in the nation. Recent economic reports rank Mesa among the top U.S. cities for GDP growth, business expansion, and infrastructure investment, driven by thriving sectors such as aerospace, technology, healthcare, and tourism. Guided by a long-term vision for sustainable development, Mesa has established a balanced approach to growth, strengthening its economic base while ensuring the delivery of high-quality services, infrastructure, and amenities that support businesses and residents today and for generations to come.

Mesa works to enhance the local economy by fostering a culture of quality, supporting the creation of higher wage jobs, promoting direct investment, and increasing the prosperity of our residents. Construction activity provides for revenues that will deliver a variety of significant City capital projects. Job expansion and higher paying jobs continue to expand the City's retail sales tax base which allows the City to support on-going operations. For the fiscal year (FY) ending June 30, 2025, local sales tax revenue was up 2.6% from the previous fiscal year. Construction sales tax was up 3.7% over the prior fiscal year. However, in 2024, the Arizona State Legislature ended the local sales tax on residential rentals. This change reduced one of Mesa's steady sources of revenue and resulted in no growth for total sales tax collected for FY 2025.

The City's economic indicator for residential construction in FY 24/25 was up 4%. During FY 24/25 the City issued 1,117 permits for new single family residential construction. The commercial valuation came in at approximately \$2.8 billion representing a 75% increase from the prior fiscal year. Consequently, the total value of construction in FY 24/25 grew by 55%. The corresponding dollar valuation associated with all FY 24/25 permits grew approximately \$1.2 billion from the prior fiscal year.

Conservative budget practices and willingness to respond to economic indicators continue to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies. The FY 2026 budget continues the City's fiscally conservative approach and reinforces the City's effort to invest in economic development, improve public safety and attract and retain excellent employees. All fund balances were maintained at or above the levels prescribed by financial policy and prudent practice.

### **Major Initiatives**

During the year, various major accomplishments were realized. Some of these were:

- Mesa's strong and resilient financial position was recognized this year as Fitch Ratings reaffirmed the top rating of AAA to the City's General Obligation (GO) bonds. S&P maintained their rating of AA for the City's GO bonds and reaffirmed their A+ rating on the City's utility revenue obligations. Moody's Ratings sustained their As3 rating with a stable outlook on the City's utility revenue obligations.
- In summer of 2024, Virgin Galactic completed its new two-hangar manufacturing facility at Phoenix-Mesa Gateway Airport, where it will assemble its next-generation Delta spaceships. The

\$450,000-per-seat commercial spacecraft—each seating up to six passengers and capable of up to eight missions per month—will be built and tested in Mesa before being transported to Spaceport America in New Mexico for flight testing and operations starting in 2026. The Mesa plant, able to produce up to six ships annually, represents hundreds of high-skilled aerospace jobs and strengthens Arizona’s growing role as a national space hub alongside its booming semiconductor and advanced manufacturing sectors.

- In July, Southern Cross Aviation, a leading aviation parts distributor, opened a new \$10 million, 23,599-square-foot facility in Mesa, marking its third U.S. location after Fort Lauderdale and Anchorage. Strategically located near Phoenix-Mesa Gateway Airport, the site will serve regional airlines, flight schools, MRO shops, law enforcement, medevac operators, and other aviation clients across Greater Phoenix. The expansion strengthens Mesa’s position as an aerospace hub, creating jobs and supporting pilot training programs amid rising demand for aviation professionals. Company leaders and city officials hailed the move as a boost to the region’s growing aviation, aerospace, and defense ecosystem.
- In August, Magna International announced its plans to build out a 230,000 square-foot space at Power Industrial Park in Mesa representing a “multimillion-dollar investment.” The expansion by Magna adds to a pipeline of emerging and established firms in an automotive ecosystem in the Valley. Magna International was the fourth largest auto supplier in the world as of 2023.
- In August, South Korea-based KoMiCo, a precision cleaning and advanced coatings company serving the semiconductor industry, purchased a 125,000-square-foot building in Mesa for \$17.5 million, marking its third and largest U.S. facility. The \$50 million investment is expected to open in 2026 and create around 200 jobs. KoMiCo, a supplier to Taiwan Semiconductor Manufacturing Company and Intel, joins dozens of semiconductor-related firms expanding in Arizona since the 2022 Chips and Science Act.
- In September, Quantum Industrial Services, LLC, a mechanical and plumbing contractor, leased 135,759 square feet in Mesa for a new pipe fabrication facility serving clients across the Western U.S. The plant, equipped with advanced technologies, will include 27,000 square feet of office space and employ about 200 workers. The facility, part of a recently completed industrial park, underscores Quantum’s growth and expertise in piping fabrication and mechanical services.
- In October, the Mesa Chamber of Commerce launched Next Phase, a new small business incubator at Superstition Springs Mall designed to help entrepreneurs test and grow retail concepts in a live shopping environment. Located on the mall’s second floor, the space can host up to 15 business owners and opened with three inaugural participants: BG Customs, Blooming Blinds, and Treats by Tatj. The program pairs participants with Chamber members for mentorship and partners with local colleges for business training. Supported by several community sponsors, Next Phase aims to strengthen Mesa’s retail sector and foster long-term business success, reflecting the Chamber’s ongoing commitment to local economic growth and innovation.
- In November, Nucleus RadioPharma, a leader in radiopharmaceutical development and manufacturing, signed a lease and committed to build a 53,000-square-foot facility in Mesa, Arizona, creating 50 skilled jobs when it opens in mid-2026. The site will help address a national shortage of production capacity for theranostic radiopharmaceuticals—advanced treatments that combine therapy and diagnostics—supporting both clinical trials and commercial supply. Part of a nationwide expansion that includes a new Philadelphia facility, the Mesa location strengthens Arizona’s growing bioscience sector and enhances patient access to life-saving cancer therapies.

- In November, JX Advanced Metals USA, Inc. opened its new 273,000-square-foot advanced manufacturing plant in Mesa, on a 63-acre site. The facility produces high-performance sputtering targets for the semiconductor industry, more than doubling the company's U.S. capacity and serving customers across the U.S. and Europe. Featuring state-of-the-art production areas, solar-covered parking, and employee amenities, the Mesa plant establishes the city as JX's U.S. hub for advanced materials.
- In December, The Phoenix-Mesa Gateway Airport Authority officially renamed the East Valley's major air travel hub as Mesa Gateway Airport, marking a new era of regional identity and growth. The change follows Phoenix's withdrawal from the airport authority earlier in 2023 and reflects Mesa's leadership in the airport's continued expansion. Serving nearly 2 million passengers annually, Mesa Gateway is Arizona's third-busiest commercial airport and recently opened a new 30,000-square-foot concourse with five gates. Regional and tourism leaders said the rebranding highlights the East Valley's economic vitality and growing appeal as a destination for travelers and businesses alike.
- In December, AT&T contributed \$70,000 to support Mesa Community College's EmpowerEd for Student Success campaign, part of a \$20 million Maricopa Community Colleges Foundation initiative to expand access to higher education and strengthen Arizona's workforce. The donation will fund iPad bundles and digital training for 30 first-generation, low- and moderate-income students through the Mesa College Promise, which covers tuition for eligible Mesa residents. The EmpowerEd campaign also seeks to raise \$1 million for the Mesa College Promise and \$500,000 for the Thunderbird Excellence Fund, which assists students facing financial or personal hardships.
- In December, Revel Surf Park at Cannon Beach in Mesa officially opened, bringing surfing back to Arizona for the first time since Big Surf closed in 2019. The \$45 million, 4.5-acre attraction features a two-acre, three-million-gallon surf lagoon powered by patented, energy-efficient wave technology that creates customizable waves for all skill levels. The park also includes cliff-jumping platforms, a skate park, restaurants, cabanas, and hot tubs, offering a full resort-style experience. Built on former farmland using just 2% of the site's previous water consumption, Revel Surf Park marks the first phase of the larger Cannon Beach development, which will soon add restaurants, a theater, and hotels.
- In December, VIVO Development Partners broke ground on a dual-branded Tempo by Hilton and Homewood Suites by Hilton at Gallery Park in southeast Mesa, marking a major milestone for the Mesa's emerging mixed-use destination. The four-story, 174-room hotel—featuring 97 upscale lifestyle rooms and 77 extended-stay suites—will include a resort-style pool, fitness areas, event spaces, and a full-service restaurant and bar. As the first Tempo by Hilton in the region, the project anchors the 1-million-square-foot Gallery Park development, which also includes luxury apartments, offices, retail, and restaurants.
- At the beginning of 2025, Gulfstream Aerospace opened a new 225,000-square-foot, \$130 million customer support service center at Mesa Gateway Airport, marking a major expansion of its maintenance, repair, and overhaul operations in the Western U.S. The facility can service up to 13 large-cabin aircraft and complements Gulfstream's existing Mesa west campus, which accommodates 10 additional aircraft. Already responsible for more than 250 local jobs, with 100 more expected this year, Gulfstream is partnering with local colleges on training, apprenticeships, and internships to build the region's aviation workforce. Designed for environmental efficiency and expected to earn LEED Silver certification, the new center features sustainable materials, water- and energy-saving systems, and an on-site fuel farm with a 30,000-gallon tank dedicated to sustainable aviation fuel.

- In January, Meta announced that their new data center was now online and serving global traffic, marking a major milestone in the company's more than \$1 billion investment in Arizona since breaking ground in 2021. The project employed an average of 2,000 construction workers at peak and now supports more than 200 operational jobs, with Meta citing Mesa's strong infrastructure, renewable energy access, and skilled workforce as key reasons for choosing the city. In addition to powering its facility with 100% renewable energy and supporting 12 regional water restoration projects, Meta has invested over \$1.3 million in local schools and nonprofits, including a new \$225,000 grant for the Mesa College Promise program and a \$75,000 grant to create a multimedia center at Desert Ridge Junior High.
- In February, Governor Katie Hobbs and state, education, and industry leaders announced the launch of Arizona's newest Future48 Workforce Accelerator, an aerospace and defense-focused training facility at Chandler-Gilbert Community College's Williams campus in Mesa. Backed by over \$6 million from the Arizona Commerce Authority, the Accelerator will open in fall 2026 to train students for high-demand careers in aerospace and defense manufacturing through hands-on instruction in advanced labs for electrical and mechanical assembly and wiring. Developed in partnership with Boeing, Honeywell, and other stakeholders, the project strengthens Arizona's leadership in aerospace innovation and workforce development, part of the state's broader \$30 million Future48 initiative to expand advanced manufacturing training statewide.
- In February, Sunbelt Investment Holdings Inc., Okland Construction and CBRE broke ground on Mesa Grandview Business Park, a 270,000-square-foot, three-building industrial development in the Falcon District near Loop 202 and Greenfield Road. Set for completion in early 2026, the project will feature state-of-the-art industrial space with 30–32-foot clear heights, 100% HVAC warehouses, dock-high and grade-level loading, heavy power, ample parking, and tenant amenities. Designed with sustainability in mind, the buildings will include skylights, native landscaping, EV charging stations, LEED certification and solar-ready roofs. City leaders praised the project as a major boost to economic growth and job creation near Falcon Field and surrounding aerospace employers, with an additional 22.7 acres available for future development.
- In March, Mesa Gateway Airport reported its busiest month ever, serving 261,536 passengers, a 24% year-over-year increase that surpassed its previous March record and contributed to eight record-breaking months in the past year. Airport and regional leaders credited the surge to strong partnerships with airlines, expanded service offerings, and the airport's convenience focused "Just Plane Easy" experience. With flights up 36%, a new five-gate concourse opened last year, and expanded Allegiant service, Gateway now offers nonstop service to 45 destinations, continuing to fuel major economic growth.
- Mesa celebrated a strong 2025 Spring Training season, with the Chicago Cubs leading all MLB spring training attendance and topping the Cactus League for the 12th consecutive year, while the Athletic's saw an impressive 11% increase in turnout. Sloan Park welcomed 227,570 fans—including a Cactus League record 16,161 attendees on March 8, while HoHoKam Stadium drew 82,636 fans, up from last year's total. Mesa's 30 home games accounted for nearly 20% of all Cactus League attendance, underscoring the city's popularity as a premier spring baseball destination.
- In April, Komatsu broke ground on a new \$80 million, 215,000-square-foot facility in southeast Mesa, tripling its current footprint to better serve customers across the Southwestern U.S. The state-of-the-art building, located near the airport and slated for completion in summer 2026, reflects Komatsu's commitment to supporting Arizona's growing copper and mining industries. The project will generate construction jobs and up to 100 long-term positions, further strengthening the region's economy and Komatsu's role in advancing sustainable industrial growth.

- In April, Cyclic Materials announced a \$20 million investment to build its first commercial rare earth element (REE) recycling facility in Mesa, Arizona, which will open in early 2026 and create more than 30 jobs. The state-of-the-art plant will use the company's proprietary MagCycle<sup>SM</sup> process to recover permanent magnets from end-of-life products—materials that were previously not recycled—establishing the company's first global REE separation operation and strengthening a U.S.-wide feedstock network. State and local leaders praised the project as a boost to Arizona's clean energy economy, sustainable manufacturing sector, and circular supply chain development. Backed by a \$57 million Series B from investors including Microsoft, BMW iVentures, Hitachi Ventures and Amazon's Climate Pledge Fund, Cyclic Materials is expanding across North America and positioning Mesa as a key hub for innovation in critical materials recovery.
- In April, Edged topped out its new 36 MW, waterless-cooled data center in Mesa, Arizona, marking completion of the facility's structural framework and moving it toward full operations in late 2025. The AI-optimized center will feature ultra-efficient ThermalWorks cooling that saves more than 142 million gallons of water annually and supports high-density compute loads of up to 200 kW per rack. The milestone ceremony included project partners Haydon Building Corp and the announcement of Light Source Communications as the first network provider for the site. Part of Edged's nationwide expansion, the Mesa facility strengthens the region's growing AI and high-performance computing ecosystem.
- In May, Waymo announced plans for a new 239,000-square-foot autonomous vehicle integration factory in Mesa, a multimillion-dollar investment that will build thousands of fully autonomous Jaguar I-PACE vehicles to support the rapid expansion of the Waymo One ride-hailing service, which already provides more than 250,000 paid trips per week across major U.S. cities. Developed in partnership with Magna, the facility is expected to create hundreds of local jobs and will ultimately be capable of producing tens of thousands of autonomous vehicles per year, including models equipped with the next-generation Waymo Driver. Waymo says the factory will enable vehicles to be deployed into public service in Phoenix within minutes and to other cities within hours.
- In May, Apex Power Conversion opened its new 206,000-square-foot U.S. headquarters and manufacturing facility in Mesa's Elliot Road Technology Corridor, an over \$60 million investment that will initially employ up to 300 people, with plans to grow to 700 by 2029. The site will support customer engagement, product training, and ultimately the manufacturing of advanced multi-megawatt power conversion systems that integrate renewable energy and storage into the grid, with full production expected in early 2026.
- In June, Super Radiator Coils opened a new 150,000-square-foot manufacturing facility in Mesa, marking a major expansion that will create 125 new jobs across production, engineering, and administrative roles. The century-old cooling systems manufacturer selected Mesa as part of the region's rapidly growing advanced manufacturing ecosystem, joining major players like TSMC and Lucid. The company is partnering with Mesa Community College and local trade schools on apprenticeship programs, further boosting workforce development and economic impact.
- In June, Mesa approved a new agreement allowing developer Soltrust to acquire and restart The Grid, a long-stalled mixed-use project on three acres at Main Street and Pomeroy. The agreement clears the project from bankruptcy and paves the way for major revisions—including converting the partially built first phase into a hotel with a ground-floor Crust Simply Italian restaurant, speakeasy, and dessert concept.

- In July, Moses Lake Industries (MLI), a global leader in advanced semiconductor chemical solutions, opened a new 50,000-square-foot, nearly \$100 million manufacturing and R&D facility in Mesa, strengthening the city's position in Arizona's fast-growing semiconductor corridor. The state-of-the-art site will support the development of high-purity electrolyte and copper-based materials essential to next-generation chip technologies while enabling closer collaboration with major semiconductor manufacturers through enhanced proximity and dedicated co-development spaces.
- Medina Station, a new 64-acre mixed-use destination in East Mesa, is set to become a major retail, dining, and residential hub with 337,000+ square feet of commercial space and up to 850 multifamily units. Developed by SimonCRE, the project has already pre-leased more than 70% of its retail space, including anchors Target (148,000 sq ft) and Dick's Sporting Goods (80,000 sq ft), along with tenants such as Boot Barn, Einstein Bros. Bagels, Hawaiian Bros, Café Zupas, and a 39,000-square-foot Restaurant Row featuring local favorites like OSHO. Designed as a walkable, community-focused destination with plazas and pedestrian connections, Medina Station will serve a fast-growing trade area of over 83,000 nearby households. Construction began in early 2025, with the first phase opening in 2026, positioning the development as the future heart of East Mesa.
- Arizona State University has completed the \$185 million Interdisciplinary Science and Technology Building 12 (ISTB 12) at its Polytechnic campus in Mesa, a 173,000-square-foot hub for advanced manufacturing, robotics, semiconductor research, and energy systems. Designed by SmithGroup and built by McCarthy Building Companies, the state-of-the-art facility anchors the Ira A. Fulton Schools of Engineering's School of Manufacturing Systems and Networks and represents a \$250 million investment in the East Valley Innovation Zone. Open for the 2025 fall semester, ISTB 12 features adaptable labs, sustainable design targeting LEED Gold certification, and innovative prefabrication methods. The building will host over 100 classes annually, serving more than 10,000 students and supporting Arizona's growing advanced manufacturing ecosystem.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The efficient and dedicated services of the City's Financial Services Director, Irma Ashworth, and the devoted staff of the Financial Services Division has made the preparation of the annual comprehensive financial report possible. Also, I want to thank the Mayor, members of the City Council and the City Manager for their continued interest and support of the staff's efforts in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael Kennington', with a long horizontal flourish extending to the right.

Michael Kennington,  
Deputy City Manager/Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mesa  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

CITY OF MESA, AZ  
**FINANCIAL SECTION**

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025





## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council  
City of Mesa, Arizona  
Mesa, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios, Schedule of City Pension Contributions, Schedule of Changes in the City's Total OPEB Liability, and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Members of City Council  
City of Mesa, Arizona

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 16, 2025

# Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

As management of the City of Mesa, Arizona (the City), we offer this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The reader is encouraged to consider the information presented here in conjunction with the transmittal letter presented on pages IV - XI, as well as the financial statements beginning on page 17 and the accompanying notes to the financial statements.

## FINANCIAL HIGHLIGHTS

- The City's total revenues of \$1.5 billion were comparable to prior years revenue of \$1.5 billion. This is a combination of increases in some revenue streams and decreases in others. The two larger fluctuations were in Charges for Services (increased by \$54.8 million) and Capital Grants & Contributions (decreased by \$45.7 million).
- The City's Governmental Funds reported a combined ending fund balance of \$1.02 billion, a \$155.2 million increase from the previous year. Approximately 54 percent of the total governmental fund balance amount, or \$554.0 million, is designated by the City as committed, assigned and unassigned. The remaining 46 percent or \$470.8 million is designated as non-spendable or restricted.
- The total fund balance for the General Fund was \$439.0 million, which represents an increase of \$16.3 million over prior year. The increase is a combination of an increase in Charges for Services and Investment Income.
- The City's Enterprise Fund reported a combined total net position of \$495.0 million, which represents an increase of \$20.5 million over the prior year. The increase is primarily due to an increase in Charges for Services.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial statements. This report also contains other Supplementary Information in addition to the basic financial statements.

### Government-Wide Financial Statements

The Government-Wide Financial Statements (pages 17-18) are designed to provide a broad overview of the City's finances in a manner similar to private businesses.

The *Statement of Net Position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as *net position*. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* shows how the net position changed over the most recent fiscal year. All changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-*

*Type Activities*). The Governmental activities of the City include general government, public safety, community environment and cultural-recreational. The Business-Type activities include private sector type activities such as the City-owned utilities (electric, gas, water, wastewater, solid waste and district cooling), as well as the City-owned airport.

### **Fund Financial Statements**

The fund financial statements (pages 19-28) focus on individual parts of the City government, reporting the City's operations in more detail than the Government Wide Financial Statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure compliance with finance-related legal requirements. Fund financial statements are presented for Governmental Funds and Proprietary Funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near-term financing requirements. Since the Governmental Fund Financial Statements focus on near-term spendable resources, while the Governmental Activities on the Government-Wide Financial Statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements and in Note 2 to the basic financial statements.

*Proprietary funds* are generally used to account for services for which the City charges customers (either outside customers, or internal departments of the City). Proprietary Funds provide the same type of information as shown in the Government-Wide Financial Statements only with more detail. Proprietary funds utilize the same method used by the private sector businesses, the accrual basis of accounting. The City maintains the following two types of Proprietary Funds:

- Enterprise Funds are used to report the same functions as Business-Type Activities in the Government-Wide Financial Statements. The City uses separate funds to account for the operations of the City-owned utilities (electric, gas, water, wastewater, solid waste and district cooling), as well as the City-owned airport. The Utility fund is considered a major fund and the Airport is a non-major Enterprise Fund.
- The Internal Service Funds are used to account for its fleet support; materials and supplies; printing and graphics; property and public liability; workers' compensation; and employee benefits self-insurance programs. Since the primary customers of the internal service funds are the Governmental Activities, the assets and liabilities of those funds are included in the Governmental Activities' column of the Government-Wide Statement of Net Position. The Internal Service Funds are combined into a single column on the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds can be found in the combining statements.

### **Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-Wide and Fund Financial Statements and should be read with the financial statements. The notes to the financial statements can be found on pages 29-86 of this report.

### **Required Supplementary Information (RSI)**

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information including the city-wide budgetary comparison schedule, changes in net pension liability, employer pension contributions, and changes in other post-employment benefits (OPEB) liability. RSI and accompanying notes can be found on pages 87-103 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the years ending June 30, 2025, and 2024.

### Condensed Statement of Net Position As of June 30 (In thousands of dollars)

|                                                    | Governmental Activities |             | Business-Type Activities |            | Total Government |             |
|----------------------------------------------------|-------------------------|-------------|--------------------------|------------|------------------|-------------|
|                                                    | 2025                    | 2024        | 2025                     | 2024       | 2025             | 2024        |
| Cash and Other Assets                              | \$1,611,204             | \$1,499,081 | \$ 810,730               | \$ 788,154 | \$2,421,934      | \$2,287,235 |
| Capital Assets                                     | 1,924,520               | 1,830,466   | 1,802,262                | 1,547,985  | 3,726,782        | 3,378,451   |
| Total Assets                                       | 3,535,724               | 3,329,547   | 2,612,992                | 2,336,139  | 6,148,716        | 5,665,686   |
| Deferred Amounts on Refunding                      | 2,264                   | 3,182       | 15,316                   | 17,828     | 17,580           | 21,010      |
| Deferred Outflows on Pensions & OPEB               | 308,409                 | 298,479     | 17,086                   | 15,306     | 325,495          | 313,785     |
| Total Deferred Amounts                             | 310,673                 | 301,661     | 32,402                   | 33,134     | 343,075          | 334,795     |
| Non-Current Liabilities, Due Within One Year       | 72,339                  | 74,745      | 68,048                   | 62,666     | 140,387          | 137,411     |
| Non-Current Liabilities, Due In More Than One Year | 655,040                 | 524,567     | 1,653,525                | 1,434,632  | 2,308,565        | 1,959,199   |
| Other Liabilities                                  | 211,440                 | 241,780     | 222,227                  | 187,360    | 433,667          | 429,140     |
| Net Pension & OPEB Liability                       | 1,848,574               | 1,788,214   | 136,045                  | 136,582    | 1,984,619        | 1,924,796   |
| Total Liabilities                                  | 2,787,393               | 2,629,306   | 2,079,845                | 1,821,240  | 4,867,238        | 4,450,546   |
| Deferred Inflows on Pensions & OPEB                | 148,776                 | 167,201     | 14,965                   | 17,943     | 163,741          | 185,144     |
| Deferred Inflows on Leases                         | 46,088                  | 49,952      | 55,593                   | 55,646     | 101,681          | 105,598     |
|                                                    | 194,864                 | 217,153     | 70,558                   | 73,589     | 265,422          | 290,742     |
| Net Investment in Capital Assets                   | 1,377,695               | 1,317,166   | 100,008                  | 82,964     | 1,477,703        | 1,400,130   |
| Restricted Net Position                            | 415,817                 | 382,409     | 97,102                   | 122,088    | 512,919          | 504,497     |
| Unrestricted Net Position                          | (929,372)               | (914,825)   | 297,881                  | 269,392    | (631,491)        | (645,433)   |
| Total Net Position                                 | \$ 864,140              | \$ 784,750  | \$ 494,991               | \$ 474,444 | \$1,359,131      | \$1,259,194 |

**Changes in Net Position**  
**Year Ended June 30**  
*(in thousands of dollars)*

|                                                      | <b>Governmental Activities</b> |                   | <b>Business-Type Activities</b> |                   | <b>Total Government</b> |                     |
|------------------------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------------|---------------------|
|                                                      | 2025                           | 2024              | 2025                            | 2024              | 2025                    | 2024                |
| Program Revenues:                                    |                                |                   |                                 |                   |                         |                     |
| Charges for Services                                 | \$ 145,102                     | \$ 132,016        | \$ 511,700                      | 470,018           | \$ 656,802              | \$ 602,034          |
| Operating Grants & Contributions                     | 77,909                         | 78,057            | 339                             | 236               | 78,248                  | 78,293              |
| Capital Grants & Contributions                       | 8,588                          | 14,618            | 16,806                          | 56,440            | 25,394                  | 71,058              |
| General Revenues:                                    |                                |                   |                                 |                   |                         |                     |
| Sales Taxes                                          | 330,176                        | 329,821           | —                               | —                 | 330,176                 | 329,821             |
| Property Taxes                                       | 46,308                         | 47,924            | —                               | —                 | 46,308                  | 47,924              |
| Occupancy Taxes                                      | 6,726                          | 6,837             | —                               | —                 | 6,726                   | 6,837               |
| Unrestricted Intergovernmental                       | 266,556                        | 290,065           | —                               | —                 | 266,556                 | 290,065             |
| Utility Development Fees                             | —                              | —                 | 4,067                           | 7,395             | 4,067                   | 7,395               |
| Contributions                                        | 36,803                         | 27,428            | —                               | —                 | 36,803                  | 27,428              |
| Unrestricted Investment Income (loss)                | 57,735                         | 46,922            | 11,550                          | 13,092            | 69,285                  | 60,014              |
| Gain on Sale of Capital Assets                       | —                              | 200               | —                               | —                 | —                       | 200                 |
| Miscellaneous                                        | 14,321                         | 13,226            | 12,812                          | 7,783             | 27,133                  | 21,009              |
| <b>Total Revenues</b>                                | <b>990,224</b>                 | <b>987,114</b>    | <b>557,274</b>                  | <b>554,964</b>    | <b>1,547,498</b>        | <b>1,542,078</b>    |
| Governmental Activities Expenses:                    |                                |                   |                                 |                   |                         |                     |
| General Government                                   | 230,515                        | 225,391           | —                               | —                 | 230,515                 | 225,391             |
| Public Safety                                        | 494,279                        | 525,883           | —                               | —                 | 494,279                 | 525,883             |
| Community Environment                                | 193,168                        | 192,205           | —                               | —                 | 193,168                 | 192,205             |
| Cultural-Recreational                                | 113,669                        | 107,468           | —                               | —                 | 113,669                 | 107,468             |
| Interest on Long-Term Debt                           | 17,949                         | 16,793            | —                               | —                 | 17,949                  | 16,793              |
| Business-Type Activities:                            |                                |                   |                                 |                   |                         |                     |
| Electric                                             | —                              | —                 | 43,912                          | 49,009            | 43,912                  | 49,009              |
| Gas                                                  | —                              | —                 | 46,783                          | 46,078            | 46,783                  | 46,078              |
| Water                                                | —                              | —                 | 149,731                         | 151,246           | 149,731                 | 151,246             |
| Wastewater                                           | —                              | —                 | 97,809                          | 89,096            | 97,809                  | 89,096              |
| Solid Waste                                          | —                              | —                 | 51,305                          | 55,972            | 51,305                  | 55,972              |
| Airport                                              | —                              | —                 | 6,691                           | 13,302            | 6,691                   | 13,302              |
| District Cooling                                     | —                              | —                 | 1,750                           | 1,570             | 1,750                   | 1,570               |
| <b>Total Expenses</b>                                | <b>1,049,580</b>               | <b>1,067,740</b>  | <b>397,981</b>                  | <b>406,273</b>    | <b>1,447,561</b>        | <b>1,474,013</b>    |
| Increase (Decrease) in Net Position Before Transfers | (59,356)                       | (80,626)          | 159,293                         | 148,691           | 99,937                  | 68,065              |
| Transfers                                            | 138,746                        | 127,134           | (138,746)                       | (127,134)         | —                       | —                   |
| <b>Change in Net Position</b>                        | <b>79,390</b>                  | <b>46,508</b>     | <b>20,547</b>                   | <b>21,557</b>     | <b>99,937</b>           | <b>68,065</b>       |
| <b>Net Position - Beginning</b>                      | <b>784,750</b>                 | <b>738,242</b>    | <b>474,444</b>                  | <b>452,887</b>    | <b>1,259,194</b>        | <b>1,191,129</b>    |
| <b>Net Position - Ending</b>                         | <b>\$ 864,140</b>              | <b>\$ 784,750</b> | <b>\$ 494,991</b>               | <b>\$ 474,444</b> | <b>\$ 1,359,131</b>     | <b>\$ 1,259,194</b> |

## **Analysis of Government-Wide Net Position**

Net Position consists of (1) Net Investment in Capital Assets, (2) Restricted and (3) Unrestricted. Net Investment in Capital Assets represents the City's investment in capital assets, less the related debt. Net Investment in Capital Assets increased by \$75 million from \$1.40 billion to \$1.48 billion primarily due to an increase in capital assets in the Business-Type Activities. Restricted Net Position represents resources that are subject to external restrictions on how they may be used. The Restricted portion of the City's Net Position increased \$79 million from \$504.5 million to \$512.9 million. The restricted balances that increased in the current year were primarily for capital projects. The Unrestricted Net Position of \$(631.5) million is primarily due to the impact of the long-term liability associated with pensions and OPEB of (\$2.0 billion).

The City's overall Net Position increased \$99.9 million from \$1.3 billion to \$1.4 billion at the end of fiscal year 2025. Several factors contributed to the overall increase in Net Position:

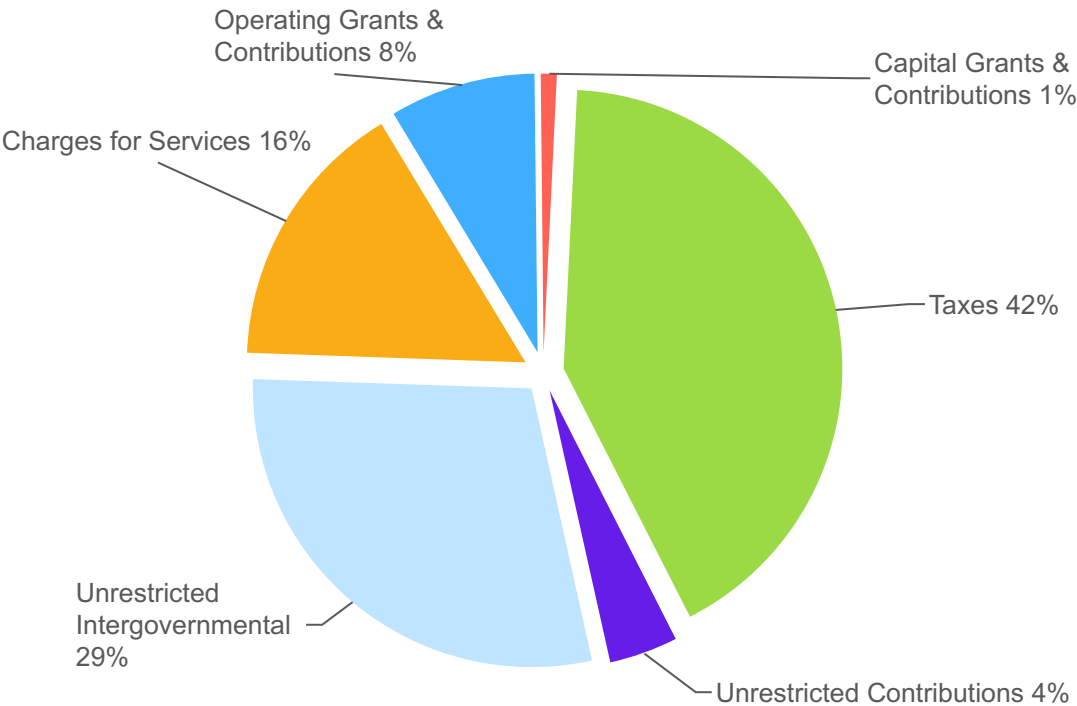
- Charges for Services increased \$54.8 million primarily due to an increase in utility sales and charges. General governmental charges for services also increased in various revenue streams.
- Investment returns continued strong resulting in an increase in investment income of \$9.2 million.
- Overall expenses (both Governmental and Business-Type) decreased by \$26.4 million due to a Citywide effort to decrease expenses by 2%.

## **Governmental Activities**

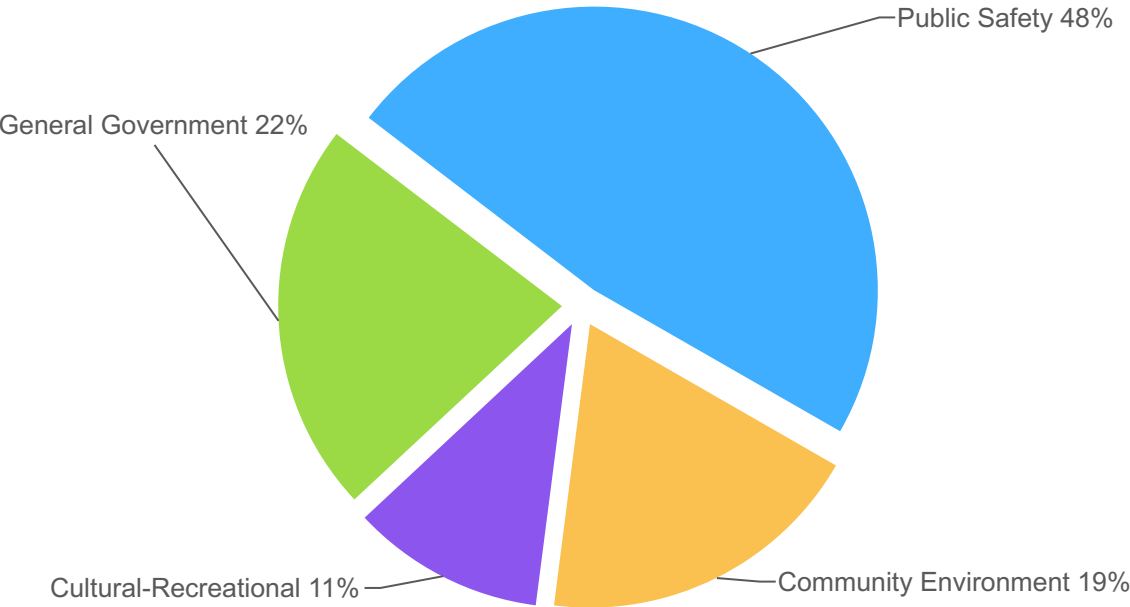
In fiscal year 2025, Governmental Activities increased their Net Position by \$79.4 million from \$784.8 million to \$864.1 million. As described above, the increase in Net Position for the Governmental Activities is due to a combination of an increase in charges for services, investment returns and a decrease in expenses.

As presented in the following two graphs, the largest funding sources for the governmental activities are Taxes (42%), Unrestricted Intergovernmental (29%) and Charges for Services (16%). The largest users of resources for the governmental activities are Public Safety (48%), General Government (22%) and Community Environment (19%).

**Governmental Activities  
Revenues by Source  
Fiscal Year Ended June 30, 2025**

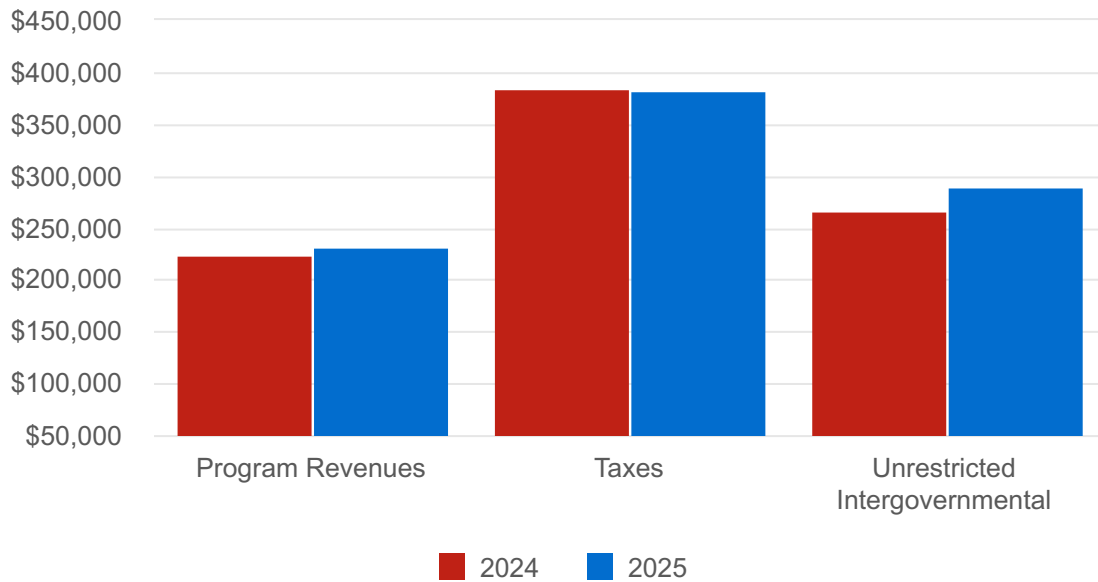


**Governmental Activities  
Functional Expenses  
Fiscal Year Ended June 30, 2025**

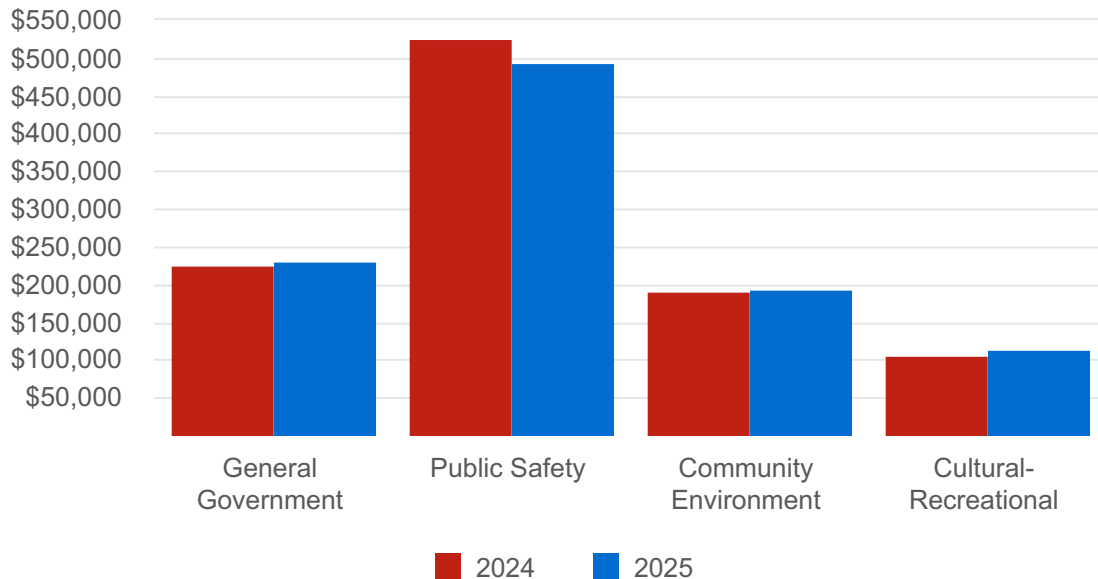


The following two graphs compare Governmental Activities revenues and expenses from fiscal year 2025 to fiscal year 2024.

**Governmental Activities - Revenues by Source**  
**Two Year Comparison**  
*(In thousands of dollars)*



**Governmental Activities - Functional Expenses**  
**Two Year Comparison**  
*(In thousands of dollars)*



## **Fund Financial Statement Analysis**

The following is a brief discussion of some of the funds within the Governmental Activities.

### **General Fund**

The General Fund is the primary operating fund of the City and accounts for many of the major functions of the government including general government, public safety, community environment and cultural-recreational. The total fund balance of the General Fund was \$439.0 million, while unassigned fund balance was \$210.1 million.

The total fund balance of the City's General Fund increased by \$16.3 million during the current fiscal year from \$422.7 million to \$439.0 million. The increase is due to Other Financing Sources. The combination of Transfers in/out and Financing of subscription-based information technology arrangements (SBITAs), helped offset the Deficiency of Revenues Under Expenditures.

### **Non-Major Governmental Funds**

The Non-Major Governmental Funds include Special Revenue, Capital Project and Debt Service funds. The fund balance of the Non-Major Governmental funds was \$585.9 million, with the majority classified as Restricted.

Total fund balance of the Non-Major Governmental Funds increased by \$139.0 million during the current fiscal year. This is due to a combination of an increase in the Special Revenue funds (\$20.6 million) and an increase in the Capital Projects funds (\$118.78) million.

- The increase in the Special Revenue funds is primarily due to Sales tax revenue in the Street Sales Tax fund exceeding expenditures in that fund.
- Capital Project funds fund balance increased in the Parks, Public Safety and Streets Capital funds due to the \$154.3 million issuance of General Obligation Bonds.

### **Budgetary Highlights**

The City's annual budget is the legally adopted expenditure control document of the City. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section. The schedule compares the original adopted budget, the budget as amended throughout the year, and the actual expenditures prepared on a budgetary basis.

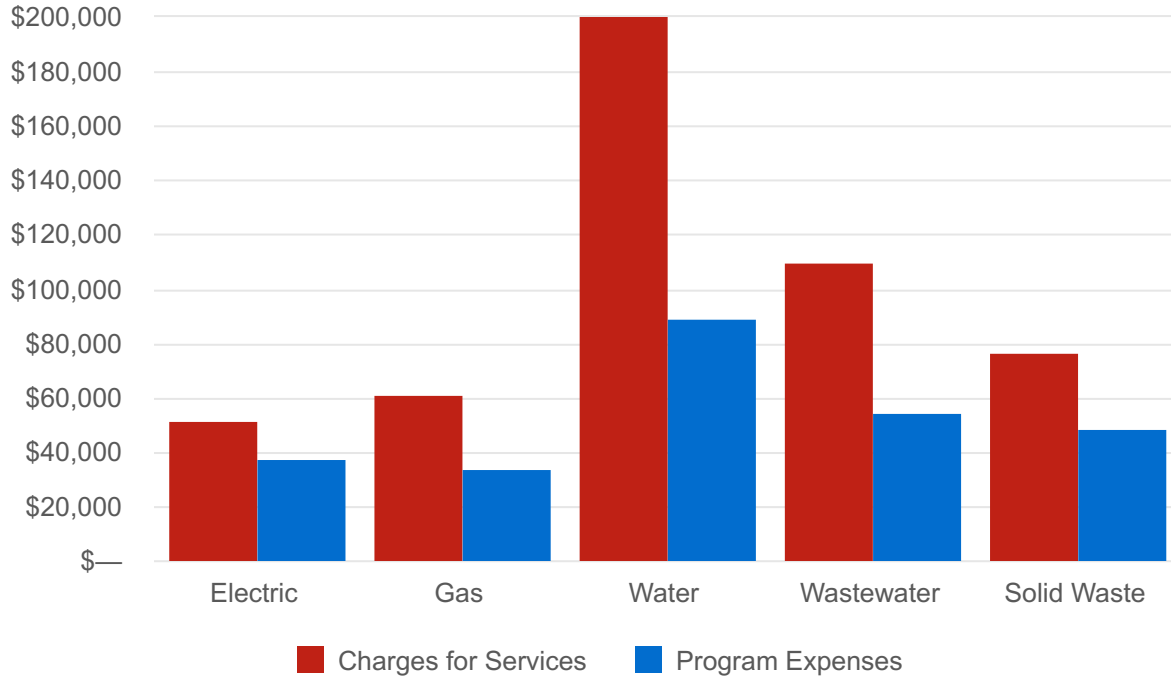
Budgeted amounts may change within funds and between funds. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action (see Note 1.f. of the notes to the financial statements for more information on budget policies). There were no budget amendments that increased the overall City adopted budget during fiscal year 2025.

### **Business-Type Activities**

The following graphs present utility revenues and expenses for fiscal year 2025. The City's largest utility, Water, had a net revenue/expense gain of \$116.0 million and Wastewater had a net revenue/expense gain of \$55.7 million, whereas the remaining Utilities saw a more moderate net revenue/expense gain.

#### **Utility Revenues Charges for Services and Program Expenses Fiscal Year 2025**

*(In thousands of dollars)*



Total Business-Type Activities program and general revenues increased by \$2.3 million from \$555.0 million to \$557.3 million. While Charges for Services increased by \$41.7 million, this was offset by decrease in Capital Grants & Contributions by \$39.6 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$3.7 billion (net of accumulated depreciation/amortization) as of June 30, 2025. This net investment in capital assets includes land, buildings, other improvements, machinery and equipment, intangibles, infrastructure, leases and subscription-based information technology arrangements (SBITAs). Infrastructure assets are items that are normally immovable and have value only to the City, such as streets, street lighting systems, and storm drainage systems.

The following table provides a breakdown of the City's capital assets on June 30, 2025, and 2024:

| <b>Capital Assets</b><br><b>(net of accumulated depreciation/amortization)</b><br><b>As of June 30</b><br><i>(In thousands of dollars)</i> |                                |                     |                                 |                     |                         |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|-------------------------|---------------------|
|                                                                                                                                            | <b>Governmental Activities</b> |                     | <b>Business-Type Activities</b> |                     | <b>Total Government</b> |                     |
|                                                                                                                                            | 2025                           | 2024                | 2025                            | 2024                | 2025                    | 2024                |
| Land                                                                                                                                       | \$ 419,761                     | \$ 419,761          | \$ 31,786                       | \$ 31,786           | \$ 451,547              | \$ 451,547          |
| Infrastructure - Nondepr                                                                                                                   | 3,597                          | 3,597               | 17,666                          | 17,666              | 21,263                  | 21,263              |
| Construction-in-Progress                                                                                                                   | 171,426                        | 186,489             | 412,953                         | 191,396             | 584,379                 | 377,885             |
| Buildings                                                                                                                                  | 408,062                        | 359,751             | 26,571                          | 27,428              | 434,633                 | 387,179             |
| Other Improvements                                                                                                                         | 178,495                        | 143,117             | 33,177                          | 35,205              | 211,672                 | 178,322             |
| Machinery & Equipment                                                                                                                      | 148,037                        | 117,272             | 36,636                          | 26,178              | 184,673                 | 143,450             |
| Intangibles                                                                                                                                | —                              | —                   | 3,467                           | 3,579               | 3,467                   | 3,579               |
| Infrastructure                                                                                                                             | 567,803                        | 577,269             | 1,240,005                       | 1,214,747           | 1,807,808               | 1,792,016           |
| Leases                                                                                                                                     | 21,579                         | 21,739              | —                               | —                   | 21,579                  | 21,739              |
| SBITAs                                                                                                                                     | 5,760                          | 1,471               | —                               | —                   | 5,760                   | 1,471               |
| Total                                                                                                                                      | <u>\$ 1,924,520</u>            | <u>\$ 1,830,466</u> | <u>\$ 1,802,261</u>             | <u>\$ 1,547,985</u> | <u>\$ 3,726,781</u>     | <u>\$ 3,378,451</u> |

The City's total capital asset balances on June 30, 2025, increased by \$348.3 million in comparison with prior year balances. The largest increase was in Construction in Progress, which increased by \$206.5 million. There were several large projects that either started this year or had significant expenses. These projects included Waterline and Sewer Replacement projects (\$37.0 million), the expansion to Signal Butte Water Treatment Plant (\$56.8 million), and Central Mesa Reuse Pipeline (\$101.2 million).

Additional information on the City's capital assets can be found in Note 8 of the notes to the basic financial statements.

### Debt Administration

At the end of the fiscal year 2025, the City had total long-term bond obligations and notes payable outstanding of \$2.2 billion. Of this amount, \$456.5 million comprises debt backed by the full faith and credit of the City, \$1.7 billion represents bonds secured by specified revenue sources (i.e., Utility System Revenue, Highway User Revenue, Sales Tax) and \$22.4 million in lease liability and \$6.8 million in SBITAs liability.

The City's total outstanding debt includes \$89 million in Community Facility District (CFD) bonds. Special Assessment revenues and secondary property tax are collected to make the annual Community Facility District bond debt payments. The City has no liability for the Community Facility District bonds. However,

the City is contingently liable in the event that the Special Assessment revenues are insufficient to satisfy the Special Assessment Bond debt payments.

The following schedule shows the outstanding long-term debt of the City as of June 30, 2025, and 2024.

**Outstanding Long-term Debt**  
**As of June 30**  
*(In thousands of dollars)*

|                              | <b>Governmental Activities</b> |                   | <b>Business-Type Activities</b> |                     | <b>Total Government</b> |                     |
|------------------------------|--------------------------------|-------------------|---------------------------------|---------------------|-------------------------|---------------------|
|                              | 2025                           | 2024              | 2025                            | 2024                | 2025                    | 2024                |
| General Obligation Bonds     | \$456,510                      | \$ 335,990        | \$ —                            | \$ —                | \$ 456,510              | \$ 335,990          |
| Utility System Revenue Bonds | —                              | —                 | 997,790                         | 1,063,125           | 997,790                 | 1,063,125           |
| Utility Revenue Obligations  | —                              | —                 | 610,650                         | 323,975             | 610,650                 | 323,975             |
| Highway User Revenue Fund    | 7,660                          | 18,540            | —                               | —                   | 7,660                   | 18,540              |
| Excise Tax Obligations       | 30,255                         | 31,630            | —                               | —                   | 30,255                  | 31,630              |
| Community Facility District  | 89,383                         | 92,971            | —                               | —                   | 89,383                  | 92,971              |
| Notes Payable                | —                              | —                 | 667                             | 827                 | 667                     | 827                 |
| Leases                       | 22,391                         | 22,077            | —                               | —                   | 22,391                  | 22,077              |
| SBITAs                       | 6,774                          | 1,900             | —                               | —                   | 6,774                   | 1,900               |
| Total                        | <u>\$612,973</u>               | <u>\$ 503,108</u> | <u>\$ 1,609,107</u>             | <u>\$ 1,387,927</u> | <u>\$ 2,222,080</u>     | <u>\$ 1,891,035</u> |

The City's current bond ratings are as follows:

|                              | <b>Rating Agency</b>                   |                                  |                      |
|------------------------------|----------------------------------------|----------------------------------|----------------------|
|                              | <b>Standard and Poor's Corporation</b> | <b>Moody's Investors Service</b> | <b>Fitch Ratings</b> |
| General Obligation Bonds     | AA                                     | Aa2                              | AAA                  |
| Highway User Revenue Bonds   | AA                                     | Aa2                              | N/A                  |
| Utility System Revenue Bonds | AA-                                    | Aa2                              | N/A                  |
| Utility System Obligations   | A+                                     | Aa3                              | N/A                  |
| Excise Tax Obligations       | AA+                                    | Aa2                              | N/A                  |

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for water, artificial light or sewers, land for open space preserves, parks, playgrounds and recreational facilities, public safety, fire, streets and transportation may not exceed 20% of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's full cash net assessed valuation.

The City's total debt margin available on June 30, 2025, was \$579.7 million in the 6% capacity and \$1.5 billion in the 20% capacity. Additional information on the City's long-term obligations can be found in Note 9 of the notes to the basic financial statements and Table 10 in the Statistical Section.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

On June 2, 2025, the City Council approved a \$2.79 billion budget, which is an increase of \$100 million compared to prior year's budget. The adopted fiscal year 2026 budget continues the City's fiscally conservative approach. The Governmental Funds financial principles include 10%-15% fund balance over a 5-year forecasted period, sustainability of programs and services, competitive wages and benefits for employees, and investment in capital and lifecycle replacement projects. The Utility Fund financial principles includes 20% or higher reserve fund balance, and affordable utility services. The City's conservative budget practices and willingness to respond to economic indicators continues to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies.

The fiscal year 2025-26 assessed valuation increased 5.5% to \$5.2 billion. On June 2, 2025, the City Council voted to maintain the City' secondary property tax rate at \$0.8582 per \$100 assessed valuation.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Mesa, Arizona's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mesa Finance Director, P.O. Box 1466, Mesa, Arizona, 85211-1466.

CITY OF MESA, AZ

# BASIC FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025





mesa·az

**City of Mesa, Arizona**  
Statement of Net Position  
June 30, 2025  
(in thousands)

|                                            | <b>Primary Government</b>      |                                 |                     |
|--------------------------------------------|--------------------------------|---------------------------------|---------------------|
|                                            | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>        |
| <b>Assets</b>                              |                                |                                 |                     |
| Pooled Cash and Investments                | \$ 1,010,082                   | \$ 97,763                       | \$ 1,107,845        |
| Accounts Receivable, Net                   | 30,550                         | 52,161                          | 82,711              |
| Lease Receivable                           | 49,536                         | 59,967                          | 109,503             |
| Accrued Interest Receivable                | 5,159                          | 989                             | 6,148               |
| Due from Other Governments                 | 50,798                         | 5,867                           | 56,665              |
| Inventory                                  | 14,646                         | -                               | 14,646              |
| Prepaid and Deposits                       | 8,018                          | 5,993                           | 14,011              |
| Restricted Assets:                         |                                |                                 |                     |
| Pooled Cash and Investments                | 87,039                         | 212,283                         | 299,322             |
| Cash with Fiscal Agent                     | 55,462                         | 88,957                          | 144,419             |
| Cash with Trustee                          | -                              | 7                               | 7                   |
| Accounts Receivable, net                   | 19,740                         | -                               | 19,740              |
| Due from Other Governments                 | 1,238                          | -                               | 1,238               |
| Customer Deposits                          | -                              | 3,623                           | 3,623               |
| Joint Venture Construction Deposits        | -                              | 7,119                           | 7,119               |
| Investment in Joint Ventures               | 278,936                        | 276,001                         | 554,937             |
| Capital Assets, Not Being Depreciated      | 594,784                        | 462,406                         | 1,057,190           |
| Capital Assets, Being Depreciated, Net     | 1,329,736                      | 1,339,856                       | 2,669,592           |
| Total Assets                               | <u>3,535,724</u>               | <u>2,612,992</u>                | <u>6,148,716</u>    |
| <b>Deferred Outflows of Resources</b>      |                                |                                 |                     |
| Debt Refunding                             | 2,264                          | 15,316                          | 17,580              |
| Pensions and OPEB                          | 308,409                        | 17,086                          | 325,495             |
| Total Deferred Outflows of Resources       | <u>310,673</u>                 | <u>32,402</u>                   | <u>343,075</u>      |
| <b>Liabilities</b>                         |                                |                                 |                     |
| Accounts Payable and Accrued Liabilities   | 71,634                         | 21,631                          | 93,265              |
| Claims Payable                             | 39,946                         | -                               | 39,946              |
| Customer and Defendant Deposits            | 10,035                         | -                               | 10,035              |
| Unearned Revenue                           | 30,164                         | -                               | 30,164              |
| Liabilities Payable from Restricted Assets | 59,661                         | 200,596                         | 260,257             |
| Noncurrent Liabilities:                    |                                |                                 |                     |
| Due Within One Year                        | 72,339                         | 68,048                          | 140,387             |
| Due in More Than One Year:                 |                                |                                 |                     |
| Lease and SBITA Liability                  | 24,950                         | -                               | 24,950              |
| Bonds and Notes Payable                    | 582,427                        | 1,647,875                       | 2,230,302           |
| Compensated Absences                       | 47,663                         | 5,650                           | 53,313              |
| Net Pension and OPEB Liability             | 1,848,574                      | 136,045                         | 1,984,619           |
| Total Liabilities                          | <u>2,787,393</u>               | <u>2,079,845</u>                | <u>4,867,238</u>    |
| <b>Deferred Inflows of Resources</b>       |                                |                                 |                     |
| Pensions and OPEB                          | 148,776                        | 14,965                          | 163,741             |
| Leases                                     | 46,088                         | 55,593                          | 101,681             |
| Total Deferred Inflows of Resources        | <u>194,864</u>                 | <u>70,558</u>                   | <u>265,422</u>      |
| <b>Net Position</b>                        |                                |                                 |                     |
| Net Investment in Capital Assets           | 1,377,695                      | 100,008                         | 1,477,703           |
| Restricted For:                            |                                |                                 |                     |
| Bond Indentures                            | -                              | 46,850                          | 46,850              |
| Construction                               | -                              | 7,119                           | 7,119               |
| Debt Service                               | 48,622                         | 43,133                          | 91,755              |
| Public Safety                              | 118,722                        | -                               | 118,722             |
| Transportation Programs                    | 230,310                        | -                               | 230,310             |
| Other Programs                             | 18,163                         | -                               | 18,163              |
| Unrestricted                               | (929,372)                      | 297,881                         | (631,491)           |
| Total Net Position                         | <u>\$ 864,140</u>              | <u>\$ 494,991</u>               | <u>\$ 1,359,131</u> |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**  
**Statement of Activities**  
**For the Fiscal Year-Ended June 30, 2025**  
(in thousands)

| Program Revenues                        |              |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |              |
|-----------------------------------------|--------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|--------------|
| Functions/Programs:                     | Expenses     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total        |
| Governmental Activities:                |              |                      |                                    |                                  |                                                   |                          |              |
| General Government                      | \$ 230,515   | \$ 34,141            | \$ 22,849                          | \$ 7,584                         | \$ (165,941)                                      | \$ -                     | \$ (165,941) |
| Public Safety                           | 494,279      | 58,759               | 19,348                             | 514                              | (415,658)                                         | -                        | (415,658)    |
| Community Environment                   | 193,168      | 25,136               | 35,407                             | 490                              | (132,135)                                         | -                        | (132,135)    |
| Cultural-Recreational                   | 113,669      | 27,066               | 305                                | -                                | (86,298)                                          | -                        | (86,298)     |
| Interest on Long-Term Debt              | 17,949       | -                    | -                                  | -                                | (17,949)                                          | -                        | (17,949)     |
| Total Governmental Activities           | 1,049,580    | 145,102              | 77,909                             | 8,588                            | (817,981)                                         | -                        | (817,981)    |
| Business-Type Activities:               |              |                      |                                    |                                  |                                                   |                          |              |
| Electric                                | 43,912       | 51,377               | -                                  | 1,032                            | -                                                 | 8,497                    | 8,497        |
| Gas                                     | 46,783       | 60,901               | -                                  | 526                              | -                                                 | 14,644                   | 14,644       |
| Water                                   | 149,731      | 205,684              | 282                                | 9,293                            | -                                                 | 65,528                   | 65,528       |
| Wastewater                              | 97,809       | 110,266              | -                                  | 4,688                            | -                                                 | 17,145                   | 17,145       |
| Solid Waste                             | 51,305       | 76,885               | 57                                 | -                                | -                                                 | 25,637                   | 25,637       |
| Airport                                 | 6,691        | 5,086                | -                                  | 1,267                            | -                                                 | (338)                    | (338)        |
| District Cooling                        | 1,750        | 1,501                | -                                  | -                                | -                                                 | (249)                    | (249)        |
| Total Business-type Activities          | 397,981      | 511,700              | 339                                | 16,806                           | -                                                 | 130,864                  | 130,864      |
| Total Government                        | \$ 1,447,561 | \$ 656,802           | \$ 78,248                          | \$ 25,394                        | (817,981)                                         | 130,864                  | (687,117)    |
| General Revenues:                       |              |                      |                                    |                                  |                                                   |                          |              |
| Sales Taxes                             |              |                      |                                    |                                  | 330,176                                           | -                        | 330,176      |
| Property Taxes                          |              |                      |                                    |                                  | 46,308                                            | -                        | 46,308       |
| Occupancy Taxes                         |              |                      |                                    |                                  | 6,726                                             | -                        | 6,726        |
| Unrestricted Intergovernmental Revenues |              |                      |                                    |                                  | 266,556                                           | -                        | 266,556      |
| Utility Development Fees                |              |                      |                                    |                                  | -                                                 | 4,067                    | 4,067        |
| Unrestricted Contributions              |              |                      |                                    |                                  | 36,803                                            | -                        | 36,803       |
| Investment Income (Loss)                |              |                      |                                    |                                  | 57,735                                            | 11,550                   | 69,285       |
| Miscellaneous Revenues                  |              |                      |                                    |                                  | 14,321                                            | 12,812                   | 27,133       |
| Transfers                               |              |                      |                                    |                                  | 138,746                                           | (138,746)                | -            |
| Total General Revenues and Transfers    |              |                      |                                    |                                  | 897,371                                           | (110,317)                | 787,054      |
| Change in Net Position                  |              |                      |                                    |                                  | 79,390                                            | 20,547                   | 99,937       |
| Total Net Position - Beginning          |              |                      |                                    |                                  | 784,750                                           | 474,444                  | 1,259,194    |
| Net Position - Ending                   |              |                      |                                    |                                  | \$ 864,140                                        | \$ 494,991               | \$ 1,359,131 |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

## Balance Sheet

## Governmental Funds

June 30, 2025

(in thousands)

|                                                                       | General<br>Fund   | Total Non-<br>Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------------------------------|-------------------|----------------------------------------------|--------------------------------|
| <b>Assets</b>                                                         |                   |                                              |                                |
| Pooled Cash and Investments                                           | \$ 429,056        | \$ 526,440                                   | \$ 955,496                     |
| Accounts Receivable, Net                                              | 24,475            | 4,756                                        | 29,231                         |
| Lease Receivable                                                      | 49,536            | -                                            | 49,536                         |
| Accrued Interest Receivable                                           | 1,467             | 3,530                                        | 4,997                          |
| Due from Other Governments                                            | 17,562            | 33,236                                       | 50,798                         |
| Due from Other Funds                                                  | 4,947             | -                                            | 4,947                          |
| Prepaid Costs                                                         | 4,523             | 843                                          | 5,366                          |
| Restricted Assets:                                                    |                   |                                              |                                |
| Pooled Cash and Investments                                           | -                 | 87,039                                       | 87,039                         |
| Cash with Fiscal Agent                                                | -                 | 55,462                                       | 55,462                         |
| Accounts Receivable                                                   | -                 | 19,740                                       | 19,740                         |
| Due from Other Governments                                            | -                 | 1,238                                        | 1,238                          |
| Total Assets                                                          | <u>\$ 531,566</u> | <u>\$ 732,284</u>                            | <u>\$ 1,263,850</u>            |
| <b>Liabilities</b>                                                    |                   |                                              |                                |
| Accounts Payable and Accrued Liabilities                              | \$ 35,175         | \$ 30,468                                    | \$ 65,643                      |
| Customer and Defendant Deposits                                       | 1,694             | 8,341                                        | 10,035                         |
| Unearned Revenue                                                      | 5,237             | 24,927                                       | 30,164                         |
| Payable from Restricted Assets:                                       |                   |                                              |                                |
| Accrued Interest Payable                                              | -                 | 10,095                                       | 10,095                         |
| Matured Bonds Payable                                                 | -                 | 49,566                                       | 49,566                         |
| Total Liabilities                                                     | <u>42,106</u>     | <u>123,397</u>                               | <u>165,503</u>                 |
| <b>Deferred Inflows of Resources</b>                                  |                   |                                              |                                |
| Unavailable Revenue                                                   | 4,379             | 23,034                                       | 27,413                         |
| Deferred Inflows Related to Leases                                    | 46,088            | -                                            | 46,088                         |
| Total Deferred Inflows of Resources                                   | <u>50,467</u>     | <u>23,034</u>                                | <u>73,501</u>                  |
| <b>Fund Balance</b>                                                   |                   |                                              |                                |
| Nonspendable                                                          | 4,523             | 843                                          | 5,366                          |
| Restricted                                                            | -                 | 465,448                                      | 465,448                        |
| Committed                                                             | 6,741             | 26,326                                       | 33,067                         |
| Assigned                                                              | 217,638           | 93,236                                       | 310,874                        |
| Unassigned                                                            | 210,091           | -                                            | 210,091                        |
| Total Fund Balances                                                   | <u>438,993</u>    | <u>585,853</u>                               | <u>1,024,846</u>               |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 531,566</u> | <u>\$ 732,284</u>                            | <u>\$ 1,263,850</u>            |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

## Reconciliation of the Balance Sheet of Governmental Funds

## To the Statement of Net Position

June 30, 2025

(in thousands)

|                                          |              |
|------------------------------------------|--------------|
| Fund Balances - total governmental funds | \$ 1,024,846 |
|------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of net position are different because (also see Note 2 to the basic financial statements):

|                                                                                                                              |           |
|------------------------------------------------------------------------------------------------------------------------------|-----------|
| Capital Assets used in governmental activities are not financial resources and therefore not reported in governmental funds. | 1,914,481 |
|------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                |         |
|--------------------------------------------------------------------------------------------------------------------------------|---------|
| Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds. | 279,404 |
|--------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                              |         |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Deferred outflows related to deferred amounts on refunding and pensions are not financial resources and therefore not reported on the funds. | 306,324 |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                                   |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Long-term liabilities, including bonds payable, lease liabilities and net pension liabilities are not due and payable in the current period and therefore not reported in the governmental funds. | (2,534,675) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                                                                                                                                                                                                                                                                                                          |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Deferred inflows relating to pensions represent a future acquisition on net position that is not reported in the funds. Also, because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by unavailable revenue in the funds. | (116,738) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                              |                |
|--------------------------------------------------------------------------------------------------------------|----------------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. | <u>(9,502)</u> |
|--------------------------------------------------------------------------------------------------------------|----------------|

|                                                                         |                          |
|-------------------------------------------------------------------------|--------------------------|
| Net position of the governmental activities - statement of net position | <u><u>\$ 864,140</u></u> |
|-------------------------------------------------------------------------|--------------------------|

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

## Statement of Revenues, Expenditures

## and Changes in Fund Balances

## Governmental Funds

For the Fiscal Year Ended June 30, 2025

(in thousands)

|                                                              | <b>General Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------------------------------|---------------------|---------------------------------------------|-----------------------------------------|
| <b>Revenues</b>                                              |                     |                                             |                                         |
| Sales Taxes                                                  | \$ 198,335          | \$ 131,841                                  | \$ 330,176                              |
| Property Taxes                                               | -                   | 46,543                                      | 46,543                                  |
| Occupancy Taxes                                              | 2,384               | 4,342                                       | 6,726                                   |
| Special Assessments                                          | -                   | 1,737                                       | 1,737                                   |
| Licenses and Permits                                         | 40,372              | 3,933                                       | 44,305                                  |
| Intergovernmental                                            | 227,941             | 125,112                                     | 353,053                                 |
| Charges for Services                                         | 66,959              | 24,699                                      | 91,658                                  |
| Fines and Forfeitures                                        | 6,382               | 1,866                                       | 8,248                                   |
| Investment Income                                            | 23,488              | 31,276                                      | 54,764                                  |
| Contributions                                                | 13                  | 44                                          | 57                                      |
| Miscellaneous Revenue                                        | 6,120               | 5,875                                       | 11,995                                  |
| Total Revenues                                               | <u>571,994</u>      | <u>377,268</u>                              | <u>949,262</u>                          |
| <b>Expenditures</b>                                          |                     |                                             |                                         |
| Current:                                                     |                     |                                             |                                         |
| General Government                                           | 139,392             | 21,502                                      | 160,894                                 |
| Public Safety                                                | 356,180             | 82,379                                      | 438,559                                 |
| Community Environment                                        | 30,678              | 95,879                                      | 126,557                                 |
| Cultural-Recreational                                        | 68,658              | 19,283                                      | 87,941                                  |
| Debt Service:                                                |                     |                                             |                                         |
| Principal                                                    | 5,713               | 49,707                                      | 55,420                                  |
| Interest                                                     | 753                 | 19,361                                      | 20,114                                  |
| Service Charges                                              | -                   | 13                                          | 13                                      |
| Cost of Issuance                                             | -                   | 772                                         | 772                                     |
| Capital Outlay                                               | 24,435              | 187,207                                     | 211,642                                 |
| Total Expenditures                                           | <u>625,809</u>      | <u>476,103</u>                              | <u>1,101,912</u>                        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(53,815)</u>     | <u>(98,835)</u>                             | <u>(152,650)</u>                        |
| <b>Other Financing Sources (Uses)</b>                        |                     |                                             |                                         |
| Transfers In                                                 | 144,428             | 74,445                                      | 218,873                                 |
| Transfers Out                                                | (85,832)            | (5,739)                                     | (91,571)                                |
| Proceeds from Sale of Capital Asset                          | 357                 | 211                                         | 568                                     |
| Face Amount of Bonds Issued                                  | -                   | 154,266                                     | 154,266                                 |
| Financing of SBITA                                           | 11,123              | -                                           | 11,123                                  |
| Premium on Issuance of Bonds (Net)                           | -                   | 14,622                                      | 14,622                                  |
| Total Other Financing Sources (Uses)                         | <u>70,076</u>       | <u>237,805</u>                              | <u>307,881</u>                          |
| Net Change in Fund Balances                                  | 16,261              | 138,970                                     | 155,231                                 |
| Fund Balance - Beginning                                     | <u>422,732</u>      | <u>446,883</u>                              | <u>869,615</u>                          |
| Fund Balances - Ending                                       | <u>\$ 438,993</u>   | <u>\$ 585,853</u>                           | <u>\$ 1,024,846</u>                     |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Fiscal Year Ended June 30, 2025  
(in thousands)

|                                                                                                                                                                                                                                                                                                                                                     |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Net change in fund balances - total governmental funds                                                                                                                                                                                                                                                                                              | \$ 155,231       |
| Amounts reported for governmental activities in the statement of activities are different because (also see Note 2 to the basic financial statements):                                                                                                                                                                                              |                  |
| Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.                                                                                                                                                                                                                 | 1,245            |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.                                                                                                                                                                   | (39,685)         |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$163,058 exceeded depreciation/amortization (\$78,738) in the current period.       | 84,320           |
| Governmental funds report capital outlays for lease and SBITAs as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capital outlay \$11,123 exceeded amortization (\$6,900) in the current period. | 4,223            |
| The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to decrease net position.                                                                                                                                                                                                       | (346)            |
| Change in equity in Joint Venture                                                                                                                                                                                                                                                                                                                   | (8,836)          |
| The issuance of long-term debt and financing of leases provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position.                                                                       | (109,969)        |
| Governmental funds report the effect of premiums and deferred amounts related to refunding when the new debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.                                                                                                                                      | (11,672)         |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.                                                                                                                                  | <u>4,879</u>     |
| Change in net position of the governmental activities - statement of activities                                                                                                                                                                                                                                                                     | <u>\$ 79,390</u> |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**  
 Statement of Net Position  
 Proprietary Funds  
 June 30, 2025  
 (in thousands)

|                                        | <b>Business-Type Activities</b> |                               |                  | <b>Governmental Activities</b> |
|----------------------------------------|---------------------------------|-------------------------------|------------------|--------------------------------|
|                                        |                                 | <b>Non-Major Fund Airport</b> |                  |                                |
|                                        | <b>Utility</b>                  |                               | <b>Total</b>     | <b>Internal Service Funds</b>  |
| <b>Assets</b>                          |                                 |                               |                  |                                |
| Current Assets:                        |                                 |                               |                  |                                |
| Pooled Cash and Investments            | \$ 92,445                       | \$ 5,318                      | \$ 97,763        | \$ 54,586                      |
| Accounts Receivable, Net               | 51,360                          | 801                           | 52,161           | 1,308                          |
| Lease Receivable                       | -                               | 59,967                        | 59,967           | -                              |
| Accrued Premiums Receivable            | -                               | -                             | -                | 11                             |
| Accrued Interest Receivable            | 964                             | 25                            | 989              | 162                            |
| Due from Other Governments             | 5,480                           | 387                           | 5,867            | -                              |
| Inventory                              | -                               | -                             | -                | 14,646                         |
| Prepaid and Deposits                   | 5,993                           | -                             | 5,993            | 2,184                          |
| Restricted Assets:                     |                                 |                               |                  |                                |
| Pooled Cash and Investments            | 211,107                         | 1,176                         | 212,283          | -                              |
| Cash with Fiscal Agents                | 88,957                          | -                             | 88,957           | -                              |
| Cash with Trustees                     | 7                               | -                             | 7                | -                              |
| Customer Deposits                      | 3,623                           | -                             | 3,623            | -                              |
| Joint Venture Construction Deposits    | 7,119                           | -                             | 7,119            | -                              |
| Total Current Assets                   | <u>467,055</u>                  | <u>67,674</u>                 | <u>534,729</u>   | <u>72,897</u>                  |
| Noncurrent Assets:                     |                                 |                               |                  |                                |
| Investment in Joint Ventures           | 276,001                         | -                             | 276,001          | -                              |
| Capital Assets, Not Being Depreciated  | 452,205                         | 10,201                        | 462,406          | 121                            |
| Capital Assets, Being Depreciated, Net | 1,321,882                       | 17,974                        | 1,339,856        | 9,918                          |
| Total Noncurrent Assets                | <u>2,050,088</u>                | <u>28,175</u>                 | <u>2,078,263</u> | <u>10,039</u>                  |
| Total Assets                           | <u>2,517,143</u>                | <u>95,849</u>                 | <u>2,612,992</u> | <u>82,936</u>                  |
| <b>Deferred Outflows of Resources</b>  |                                 |                               |                  |                                |
| Debt Refundings                        | 15,316                          | -                             | 15,316           | -                              |
| Pensions and OPEB                      | 16,661                          | 425                           | 17,086           | 4,349                          |
| Total Deferred Outflows of Resources   | <u>31,977</u>                   | <u>425</u>                    | <u>32,402</u>    | <u>4,349</u>                   |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**  
 Statement of Net Position  
 Proprietary Funds  
 June 30, 2025  
 (in thousands)

|                                                    | Business-Type Activities |                        |                   | Governmental Activities |
|----------------------------------------------------|--------------------------|------------------------|-------------------|-------------------------|
|                                                    | Utility                  | Non-Major Fund Airport | Total             | Internal Service Funds  |
| <b>Liabilities</b>                                 |                          |                        |                   |                         |
| Current Liabilities - Payable From Current Assets: |                          |                        |                   |                         |
| Accounts Payable and Accrued Liabilities           | \$ 21,450                | \$ 181                 | \$ 21,631         | \$ 5,991                |
| Claims Payable                                     | -                        | -                      | -                 | 39,946                  |
| Due to Other Funds                                 | -                        | -                      | -                 | 4,947                   |
| Current Liabilities-Payable From Restricted        |                          |                        |                   |                         |
| Accounts Payable and Accrued Liabilities           | 50,664                   | 68                     | 50,732            | -                       |
| Interest Payable                                   | 29,327                   | -                      | 29,327            | -                       |
| Matured Bonds Payable                              | 59,630                   | -                      | 59,630            | -                       |
| Customer Deposits and Prepayments                  | 60,220                   | 687                    | 60,907            | -                       |
| Current Portion of Long-Term Liabilities:          |                          |                        |                   |                         |
| Current Portion of Bonds Payable                   | 64,755                   | -                      | 64,755            | -                       |
| Current Portion of Notes Payable                   | 163                      | -                      | 163               | -                       |
| Current Portion of Compensated Absences            | 784                      | 32                     | 816               | 236                     |
| Current Portion of OPEB Liability                  | 2,263                    | 51                     | 2,314             | 785                     |
| Total Current Liabilities                          | <u>289,256</u>           | <u>1,019</u>           | <u>290,275</u>    | <u>51,905</u>           |
| Long-Term Liabilities:                             |                          |                        |                   |                         |
| Bonds Payable                                      | 1,647,371                | -                      | 1,647,371         | -                       |
| Notes Payable                                      | 504                      | -                      | 504               | -                       |
| Compensated Absences                               | 5,432                    | 218                    | 5,650             | 1,149                   |
| Net Pension and OPEB Liability                     | 132,802                  | 3,243                  | 136,045           | 39,108                  |
| Total Long-Term Liabilities                        | <u>1,786,109</u>         | <u>3,461</u>           | <u>1,789,570</u>  | <u>40,257</u>           |
| Total Liabilities                                  | <u>2,075,365</u>         | <u>4,480</u>           | <u>2,079,845</u>  | <u>92,162</u>           |
| <b>Deferred Inflows of Resources</b>               |                          |                        |                   |                         |
| Pensions and OPEB                                  | 14,618                   | 347                    | 14,965            | 4,625                   |
| Deferred Inflows Related to Leases                 | -                        | 55,593                 | 55,593            | -                       |
| Total Deferred Inflows of Resources                | <u>14,618</u>            | <u>55,940</u>          | <u>70,558</u>     | <u>4,625</u>            |
| <b>Net Position</b>                                |                          |                        |                   |                         |
| Net Investment in Capital Assets                   | 71,833                   | 28,175                 | 100,008           | 10,039                  |
| Restricted For:                                    |                          |                        |                   |                         |
| Bond Indentures                                    | 46,850                   | -                      | 46,850            | -                       |
| Construction                                       | 7,119                    | -                      | 7,119             | -                       |
| Debt Service                                       | 43,133                   | -                      | 43,133            | -                       |
| Unrestricted                                       | 290,202                  | 7,679                  | 297,881           | (19,541)                |
| Total Net Position                                 | <u>\$ 459,137</u>        | <u>\$ 35,854</u>       | <u>\$ 494,991</u> | <u>\$ (9,502)</u>       |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

Statement of Revenues, Expenses

and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

(in thousands)

|                                                              | <b>Business-Type Activities</b> |                               |                 | <b>Governmental Activities</b> |
|--------------------------------------------------------------|---------------------------------|-------------------------------|-----------------|--------------------------------|
|                                                              |                                 | <b>Non-Major Fund Airport</b> |                 |                                |
|                                                              | <b>Utility</b>                  |                               | <b>Total</b>    | <b>Internal Service Funds</b>  |
| Operating Revenues:                                          |                                 |                               |                 |                                |
| Electric Charges                                             | \$ 51,377                       | \$ -                          | \$ 51,377       | \$ -                           |
| Gas Charges                                                  | 60,901                          | -                             | 60,901          | -                              |
| Water Sales                                                  | 205,684                         | -                             | 205,684         | -                              |
| Wastewater Charges                                           | 110,266                         | -                             | 110,266         | -                              |
| Solid Waste Charges                                          | 76,885                          | -                             | 76,885          | -                              |
| Airport Fees                                                 | -                               | 5,086                         | 5,086           | -                              |
| District Cooling Charges                                     | 1,501                           | -                             | 1,501           | -                              |
| Charges For Services                                         | -                               | -                             | -               | 45,662                         |
| Self-Insurance Contributions                                 | -                               | -                             | -               | 125,109                        |
| Other Revenue                                                | -                               | -                             | -               | 13,310                         |
| Total Operating Revenues                                     | <u>506,614</u>                  | <u>5,086</u>                  | <u>511,700</u>  | <u>184,081</u>                 |
| Operating Expenses:                                          |                                 |                               |                 |                                |
| Electric                                                     | 37,881                          | -                             | 37,881          | -                              |
| Gas                                                          | 34,310                          | -                             | 34,310          | -                              |
| Water                                                        | 89,666                          | -                             | 89,666          | -                              |
| Wastewater                                                   | 54,610                          | -                             | 54,610          | -                              |
| Solid Waste                                                  | 48,415                          | -                             | 48,415          | -                              |
| Airport                                                      | -                               | 4,896                         | 4,896           | -                              |
| District Cooling                                             | 1,431                           | -                             | 1,431           | -                              |
| Warehouse, Maintenance & Services                            | -                               | -                             | -               | 44,590                         |
| Self-Insurance                                               | -                               | -                             | -               | 148,615                        |
| Total Operating Expenses                                     | <u>266,313</u>                  | <u>4,896</u>                  | <u>271,209</u>  | <u>193,205</u>                 |
| Operating Income (Loss) Before Depreciation and Amortization | 240,301                         | 190                           | 240,491         | (9,124)                        |
| Depreciation and Amortization                                | <u>(63,800)</u>                 | <u>(1,795)</u>                | <u>(65,595)</u> | <u>(416)</u>                   |
| Operating Income (Loss)                                      | <u>176,501</u>                  | <u>(1,605)</u>                | <u>174,896</u>  | <u>(9,540)</u>                 |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**

Statement of Revenues, Expenses

and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

(in thousands)

|                                                   | <b>Business-Type Activities</b> |                               |                          | <b>Governmental Activities</b> |
|---------------------------------------------------|---------------------------------|-------------------------------|--------------------------|--------------------------------|
|                                                   | <b>Utility</b>                  | <b>Non-Major Fund Airport</b> | <b>Total</b>             | <b>Internal Service Funds</b>  |
| Nonoperating Revenues (Expenses):                 |                                 |                               |                          |                                |
| Investment Income                                 | \$ 11,147                       | \$ 403                        | \$ 11,550                | 2,971                          |
| Intergovernmental                                 | 339                             | -                             | 339                      | -                              |
| Lease Interest Revenue                            | -                               | 1,379                         | 1,379                    | -                              |
| Interest Expense:                                 |                                 |                               |                          |                                |
| Bonds                                             | (51,235)                        | -                             | (51,235)                 | -                              |
| Notes Payable                                     | (18)                            | -                             | (18)                     | -                              |
| Lease                                             | -                               | -                             | -                        | (1)                            |
| Gain/(Loss) on Sale of Capital Assets             | (205)                           | -                             | (205)                    | 5                              |
| Net Gain/(Loss) from Joint Venture                | (8,797)                         | -                             | (8,797)                  | -                              |
| Utility Development Fees                          | 4,067                           | -                             | 4,067                    | -                              |
| Bond Issuance Costs                               | (922)                           | -                             | (922)                    | -                              |
| Miscellaneous Revenue                             | 11,306                          | 127                           | 11,433                   | -                              |
| Total Nonoperating Revenues (Expenses)            | <u>(34,318)</u>                 | <u>1,909</u>                  | <u>(32,409)</u>          | <u>2,975</u>                   |
| Income before Transfers and Capital Contributions | 142,183                         | 304                           | 142,487                  | (6,565)                        |
| Capital Contributions                             | 15,539                          | 1,267                         | 16,806                   | -                              |
| Transfers In                                      | -                               | -                             | -                        | 11,556                         |
| Transfers Out                                     | <u>(138,733)</u>                | <u>(13)</u>                   | <u>(138,746)</u>         | <u>(112)</u>                   |
| Change in Net Position                            | 18,989                          | 1,558                         | 20,547                   | 4,879                          |
| Total Net Position - Beginning                    | <u>440,148</u>                  | <u>34,296</u>                 | <u>474,444</u>           | <u>(14,381)</u>                |
| Total Net Position - Ending                       | <u><u>\$ 459,137</u></u>        | <u><u>\$ 35,854</u></u>       | <u><u>\$ 494,991</u></u> | <u><u>\$ (9,502)</u></u>       |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2025  
(in thousands)

|                                                                 | <b>Business-Type Activities</b> |                               |              | <b>Governmental Activities</b> |
|-----------------------------------------------------------------|---------------------------------|-------------------------------|--------------|--------------------------------|
|                                                                 |                                 | <b>Non-Major Fund Airport</b> |              | <b>Internal Service Funds</b>  |
|                                                                 | <b>Utility</b>                  |                               | <b>Total</b> |                                |
| Cash Flows From Operating Activities:                           |                                 |                               |              |                                |
| Cash Received From Customers                                    | \$ 510,696                      | \$ 3,278                      | \$ 513,974   | \$ -                           |
| Cash Received From Users                                        | -                               | -                             | -            | 183,440                        |
| Cash Payments to Suppliers                                      | (213,524)                       | (4,384)                       | (217,908)    | (189,938)                      |
| Cash Payments to Employees                                      | (49,361)                        | (1,889)                       | (51,250)     | (10,648)                       |
| Other Nonoperating Revenue                                      | 11,306                          | 127                           | 11,433       | -                              |
| Net Cash Provided by (Used For) Operating Activities            | 259,117                         | (2,868)                       | 256,249      | (17,146)                       |
| Cash Flows From Noncapital Financing Activities:                |                                 |                               |              |                                |
| Intergovernmental                                               | (4,852)                         | 1,968                         | (2,884)      | -                              |
| Interfund Payable Increase                                      | -                               | -                             | -            | 1,395                          |
| Transfers In from Other Funds                                   | -                               | -                             | -            | 11,556                         |
| Transfers Out to Other Funds                                    | (138,733)                       | (13)                          | (138,746)    | (112)                          |
| Net Cash Provided by (Used For) Noncapital Financing Activities | (143,585)                       | 1,955                         | (141,630)    | 12,839                         |
| Cash Flows From Capital and Related Financing Activities:       |                                 |                               |              |                                |
| Proceeds From Bond Sales                                        | 308,288                         | -                             | 308,288      | -                              |
| Proceeds From Sale of Capital Assets                            | 124                             | -                             | 124          | -                              |
| Acquisition and Construction of Capital Assets                  | (284,157)                       | (2,847)                       | (287,004)    | (6,299)                        |
| Proceeds from the Sale of Capital Assets                        | -                               | -                             | -            | 5                              |
| Principal Paid on Bonds and Notes Maturities                    | (72,505)                        | -                             | (72,505)     | -                              |
| Principal Paid on Lease                                         | -                               | -                             | -            | (78)                           |
| Interest Paid on Bonds and Notes                                | (61,281)                        | -                             | (61,281)     | -                              |
| Interest Income/(Expense) on Leases                             | -                               | 1,379                         | 1,379        | (3)                            |
| Bond Issuance Costs                                             | (922)                           | -                             | (922)        | -                              |
| Contributions and Capital Grants                                | 7,942                           | 1,268                         | 9,210        | -                              |
| Net Cash Used For Capital and Related Financing Activities      | (102,511)                       | (200)                         | (102,711)    | (6,375)                        |
| Cash Flows From Investing Activities:                           |                                 |                               |              |                                |
| Interest Received on Investments                                | 11,061                          | 406                           | 11,467       | 3,061                          |
| Net Cash Provided By Investing Activities                       | 11,061                          | 406                           | 11,467       | 3,061                          |
| Net Change in Pooled Cash and Investments                       | 24,082                          | (707)                         | 23,375       | (7,621)                        |
| Total Cash and Investments at Beginning of Year                 | 368,434                         | 7,201                         | 375,635      | 62,207                         |
| Total Cash and Investments at End of Year                       | \$ 392,516                      | \$ 6,494                      | \$ 399,010   | \$ 54,586                      |

The accompanying notes are an integral part of these financial statements.

**City of Mesa, Arizona**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2025  
(in thousands)

|                                                                                                          | <b>Business-Type Activities</b> |                               |                  | <b>Governmental Activities</b> |
|----------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|------------------|--------------------------------|
|                                                                                                          | <b>Utility</b>                  | <b>Non-Major Fund Airport</b> | <b>Total</b>     | <b>Internal Service Funds</b>  |
| Reconciliation of Operating Income (Loss) to Net Cash                                                    |                                 |                               |                  |                                |
| Provided by (Used For) Operating Activities:                                                             |                                 |                               |                  |                                |
| Operating Income (Loss)                                                                                  | \$ 176,501                      | \$ (1,605)                    | \$174,896        | \$ (9,540)                     |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used By) Operating Activities: |                                 |                               |                  |                                |
| Depreciation and Amortization                                                                            | 63,800                          | 1,795                         | 65,595           | 416                            |
| Miscellaneous Revenue                                                                                    | 11,306                          | 127                           | 11,433           | -                              |
| Changes in Assets and Liabilities:                                                                       |                                 |                               |                  |                                |
| (Increase)/Decrease in Receivables                                                                       | (2,486)                         | (1,808)                       | (4,294)          | (641)                          |
| (Increase)/Decrease in Inventory                                                                         | -                               | -                             | -                | (2,662)                        |
| (Increase)/Decrease in Prepaid and Deposits                                                              | 5,871                           | 69                            | 5,940            | (350)                          |
| (Increase)/Decrease in Deferred Outflows                                                                 | (1,739)                         | (41)                          | (1,780)          | (214)                          |
| Increase/(Decrease) in Accounts Payable                                                                  | 8,719                           | (1,173)                       | 7,546            | 1,014                          |
| Increase/(Decrease) in Pension and OPEB Liability                                                        | (160)                           | (103)                         | (263)            | 959                            |
| Increase/(Decrease) in Deferred Inflows                                                                  | (2,918)                         | (113)                         | (3,031)          | (1,049)                        |
| Increase/(Decrease) in Compensated Absence                                                               | 223                             | (16)                          | 207              | (5,079)                        |
| Total Adjustments                                                                                        | 82,616                          | (1,263)                       | 81,353           | (7,606)                        |
| Net Cash Provided By (Used For) Operating Activities                                                     | <u>\$ 259,117</u>               | <u>\$ (2,868)</u>             | <u>\$256,249</u> | <u>\$ (17,146)</u>             |
| Noncash Transactions Affecting Financial Position:                                                       |                                 |                               |                  |                                |
| Contributions of Capital Assets                                                                          | \$ (11,664)                     | \$ -                          | \$ (11,664)      | \$ -                           |
| Gain (Loss) on Sale of Capital Assets                                                                    | (205)                           | -                             | (205)            | -                              |
| Amortization of Bond Premium                                                                             | 10,208                          | -                             | 10,208           | -                              |
| Amortization of Deferred Amounts on Refunding                                                            | (2,512)                         | -                             | (2,512)          | -                              |

The accompanying notes are an integral part of these financial statements.

The City of Mesa, Arizona, (the City) was incorporated July 15, 1883, with an approximate population of 300 and an area of one square mile. The City's population as of the 2020 census is 504,258 within an area of approximately 138 square miles. The City's charter was adopted August 18, 1967, providing for a Council-Manager form of government. The City provides a full range of municipal services including police and fire protection, parks and recreation, library and transportation. In addition, the City owns and operates an airport and a utility whose activities include operations of electricity, gas, water, wastewater, solid waste and district cooling.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's other significant accounting policies are described below:

### **a. Reporting Entity**

The accompanying financial statements include the City and its blended component units, Eastmark and Cadence Community Facilities Districts, collectively referred to as "the financial reporting entity". In accordance with GASB Statement No. 14, and as amended by GASB Statements No. 61 and No. 80, the component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Community Facilities District ("Districts")** The City has three municipal corporation political subdivisions of the State of Arizona that are organized to provide a vehicle for financing certain public infrastructure that is necessary for development of the land within the boundaries of the Districts. The City Council serves as the board of directors of the Districts and the City Manager currently serves as the Manager of the Districts.

Although the Districts are legally separate from the City, the Districts are reported as if they are part of the primary government because the District's governing body is substantively the same as the governing body of the City and management of the City has operational responsibility for the Districts. Separate financial statements for Eastmark Community Facilities District #1 can be obtained from the City's Finance Department, through Accounting Services at 20 E. Main Street, 3<sup>rd</sup> Floor, Mesa, Arizona 85211. Separate financial statements for Eastmark Community Facilities District #2 and Cadence Community Facilities District are not prepared.

### **b. Jointly Governed Organizations**

**Phoenix – Mesa Gateway Airport Authority ("PMGAA")** is a Joint-Powers Airport Authority established and funded by the City, the City of Phoenix, the Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September of 1993 to become PMGAA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City contributed \$1.7 million to the PMGAA operating and capital budget during this fiscal year.

**Valley Metro Regional Public Transportation Authority ("the Authority")** is a voluntary association of local governments, including the cities of Mesa, Tempe, Scottsdale, Glendale, Phoenix and Maricopa County. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those cities and a member of the County Board of Supervisors.

**Arizona Municipal Water Users Association (“AMWUA”)** is a nonprofit corporation established and funded by cities in Maricopa County for the development of an urban water policy and to represent the cities’ interests before the Arizona legislature. In addition, AMWUA performs certain accounting, administrative and support services for the cities who are jointly using the 91<sup>st</sup> Avenue Water Treatment Plant.

**c. Basic Financial Statements**

**Government-Wide Financial Statements:** The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report on the City as a whole. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on fees and charges for services. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements; the exception is any interfund activity between Governmental and Business-Type Activities, such as transfers. Interfund services provided and used are not eliminated.

The Statement of Net Position reports all financial and capital resources of the City. It is presented in a format of assets plus deferred outflows of resources less liabilities less deferred inflows of resources equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be presented in three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use externally either imposed by creditors (such as bond covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position are those not otherwise classified as restricted and are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Statement of Activities demonstrates the degree to which the direct expenses of the various functional activities of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional activity (General Government, Public Safety, Cultural-Recreational, etc.). Expenses reported for the various functional activities include indirect expenses, such as overhead costs. Interest on long-term debt is not allocated to the various functions in the Governmental Activities. Program revenues include charges to customers or applicants who directly benefit from goods, services or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, including special assessments. Taxes and other items not properly included as program revenues are reported as general revenues. The general revenues support the net costs of the functions not covered by program revenues.

**Fund Financial Statements:** The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Separate financial statements are provided for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Major individual governmental funds are reported as separate columns in the fund financial statements. The City has two enterprise funds. The Utility Fund is reported as a major fund and the Airport Fund is a Non-Major Fund. Non-Major Governmental Funds, as well as the Internal Service Funds, are summarized into a single column on the fund financial statements and are detailed in combining statements included as Supplementary Information.

**d. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide Financial Statements:** The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing

of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements:** The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current period. Principal revenue sources considered to be susceptible to accrual are City sales taxes, property taxes, intergovernmental revenues and interest on investments.

In applying the susceptible to accrual concept to intergovernmental revenues pursuant to GASB Statement No. 33, receivables and revenues are recognized when all the applicable eligibility requirements, including time requirements, have been met. Resources transmitted before the eligibility requirements are met are reported as unearned revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

City sales taxes, State shared revenues, including sales and income taxes, highway user and auto lieu taxes, and lottery distributions for transportation assistance, which are collected and held by the State at year-end, on behalf of the City, are also recognized as revenue. Special assessments are recognized as revenue only to the extent that individual installments are considered current assets. Annual installments not currently receivable are reflected as unavailable revenue.

Licenses and permits, charges for services and miscellaneous revenues are recorded as revenue when received as cash because they are generally not available until actually received. Changes in the fair value of investments are recognized in revenue at the end of each year.

Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting.

Since the Governmental Fund Financial Statements are presented on a different measurement focus and basis of accounting than the Government-Wide Financial Statements, a reconciliation is presented on the page following each Governmental Fund Financial Statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the Governmental Activities column of the Government-Wide Financial Statements. Additional reconciliations are also provided in Note 2.

**Proprietary Funds Financial Statements:** The financial statements of the Proprietary Fund are reported using the economic resources measurement focus and accrual basis of accounting, similar to the Government-Wide Financial Statements described above.

The Proprietary Fund Financial Statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition, such as investment income and interest expense are reported as non-operating revenues and expenses.

Internal Service Funds of the City, which provide services primarily to the other funds of the City, are presented in summary form as part of the Proprietary Fund Financial Statements. Since the principal users of internal services are the City's Governmental Activities, financial statements of the internal service funds are consolidated into the Governmental Activities column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity on the Statement of Activities and the revenues and expenses within the Internal Service Funds are

eliminated from the Government-Wide Financial Statements to avoid any doubling up effect of these revenues and expenses.

**e. Fund Accounting**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the fund financial statements. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports on the following major Governmental Funds and Proprietary Funds:

**Major Governmental Funds:**

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Major Proprietary (Enterprise) Fund:**

The **Utility Fund** has been established to account for all utility functions. This includes the City-owned electric, gas, water, wastewater and solid waste systems, plus district cooling.

**Non-major Governmental Funds:**

Twelve **Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Five **Capital Project Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Four **Debt Service Funds** are used to account for the accumulation of resources for the payment of long-term obligation principal, interest, and service charges.

**Proprietary Funds:**

The **Airport Fund** is a Non-major Enterprise Fund and is used to account for the City-owned airport.

**Internal Service Funds** are used to account for operations that provide services to other departments of the government on a cost-reimbursement basis. These services include fleet support, materials and supply, printing and graphics, self-insurance for property and public liability, workers' compensation and employee benefit programs.

**f. Budgets and Budgetary Accounting**

Each year the City Manager issues a budget calendar giving specific completion dates for various phases of the budget preparation process. Prior to June 1, the City Manager submits a proposed operating budget to the City Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain citizen comments. Prior to June 30, the budget for the ensuing year is legally adopted through passage of an ordinance; these appropriations lapse at the end of each fiscal year.

Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section, and the other funds are located in the Supplementary Information Section.

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a Home Rule option, any City can adopt its own alternative expenditure limitation if a majority of the qualified electors vote in favor of the issue at a regular election. On November 8, 2022, the City of Mesa voters approved to continue under Home Rule through fiscal year 2027.

Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Mesa City Charter. There are certain differences between the basis used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. For additional details, see the Notes to Budgetary Comparison Schedule. Budgeted amounts are as originally adopted by the City Council on June 3, 2024.

**g. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**h. Pooled Cash and Investments**

The City maintains an invested pool that is available for use by all City funds. Each fund's portion of this pool is reported on the financial statements as "pooled cash and investments". Assets related to long-term investments of the invested pool are held by a single master custodian. In addition, cash deposits are held separately in the State of Arizona Local Government Investment Pool (LGIP).

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Interest income from investments is recorded as revenue within the fund that made the investment.

**i. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption. The warehouse inventory is valued at the lower of average cost or market, while fleet support services inventory is valued at cost on a first-in, first out (FIFO) basis. The cost of inventory is reported as an expense/expenditure at the time individual items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**j. Capital Assets**

Capital assets, including infrastructure (streets, sidewalks, street lighting, storm drainage and other assets that are immovable and of value only to the City) are defined as assets with an initial cost of \$10,000 or more and an estimated useful life of more than one year. Intangible assets for the City include goodwill, right of way, easements and computer software. The City has elected to capitalize software with an initial cost of \$100,000 or more. All capital assets, whether owned by governmental activities or business-type activities, are required to be recorded and depreciated in the government-wide financial statements.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributions of assets are stated at acquisition value or engineering estimates of acquisition value at the time of receipt. When assets are retired or sold, the costs of the assets and the related accumulated depreciation are eliminated from the accounts, and any resultant gain or loss is charged to income or expense.

Depreciation and amortization of all assets are recorded and calculated using the straight-line method over the following estimated useful lives:

|                         |             |
|-------------------------|-------------|
| Buildings               | 15-50 Years |
| Other Improvements      | 5-50 Years  |
| Machinery and Equipment | 3-30 Years  |
| Intangibles             | 6-15 Years  |
| Infrastructure          | 5-50 Years  |

Lease and subscription-based information technology arrangements assets are amortized over the shorter of the lease period or estimated useful life of the associated contract.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

**k. Compensated Absences**

Vacation, compensatory time and sick leave benefits are accrued as liabilities as employees earn the benefits to the extent that they meet both of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; and 2) it is more likely than not that the City will compensate the employees for the benefits through paid time off or some other means, such as cash.

For Governmental Funds a liability for vacation, compensatory time and sick leave are reported only if they have matured, for example, as a result of employee resignations and retirements. The entire amount of accumulated unpaid vested vacation pay, compensatory time and an estimated amount for sick leave related to the Proprietary Funds is included as a liability in the fund financial statements. The remaining long-term balances related to Governmental Activities are included in the Government-Wide Financial Statement.

**l. Reserve for Loss and Loss Adjustment Expenses**

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds establish claim liabilities based on actuarial estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expenses in the periods in which they are made.

**m. Long-Term Obligations**

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

**n. Pension and Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/ deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**o. Fund Balance Policies**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balances represent restricted classifications and Committed, Assigned, and Unassigned represent unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) it is legally or contractually required to be maintained intact. Restricted fund balance has externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation (changes in City Charter). Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and Council. Mayor and Council approval is required by resolution to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Chief Financial Officer for approval/nonapproval. City Charter authorizes the City Manager or Designee the authority to perform all financial transactions. The City Manager has authorized the Chief Financial Officer this responsibility. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**p. Statement of Cash Flows**

A statement of cash flows classifies cash receipts and payments according to whether they stem from operating, non-capital financing, capital and related financing, or investing activities.

For purposes of the statements of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes all monies in the State Treasurer's Local Government Investment Pools since the City may deposit or withdraw cash at any time without prior notice or penalty.

q. **Contingency Services**

The principal purpose of a contingency is to cover any unforeseen expenditures that may arise after the budget is adopted, and to cover expenditures resulting from prior year encumbrances. It is impossible to estimate revenues exactly or to determine in a prior year the exact expenditure of each program or activity for the ensuing year. Thus, a contingency is essential for budgetary purposes.

Any balance of a contingency fund not used during one fiscal year is available to help finance the following year's budget. The contingency applications are reflected in the budget basis financial statements for the fiscal year ended June 30, 2025, and are made in accordance with State Statutes.

r. **Property Taxes**

The City's secondary property tax is levied each year on or before the third Monday in August based on the previous February limited property values as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent after November 1 and after May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16.0%. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of tax liens on properties which have delinquent real estate taxes are held in February.

Secondary property taxes are levied to pay principal and interest on bonded indebtedness. The dollar amount of the secondary property tax levy is "unlimited" and the limited property value is used in determining the tax rate.

In fiscal year 2024-2025, current property tax collections were \$40,911,056 or 98.79% of the tax levy and were recognized as revenue when received. At fiscal year end, the delinquent property tax is recorded as a receivable. Revenue is recognized for those payments expected to be collected within 60 days and the remaining balance is reported as unavailable revenue. The receivable on June 30, 2025, was \$1,145,595 of which \$642,915 was recorded as revenue and \$502,680 as unavailable revenue.

s. **New Accounting Pronouncements**

GASB Statement No. 102 *Certain Risk Disclosures*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The City implemented this Standard in fiscal year 2025 with no significant impact on these financial statements.

**2. RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each governmental fund financial statement.

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net position (in thousands):

|                                                    | Total<br>Governmental<br>Funds | Long-term<br>Assets/<br>Liabilities (1) | Internal<br>Service<br>Funds (2) | Reclassifications<br>and<br>Eliminations | Statement of<br>Net Position<br>Total |
|----------------------------------------------------|--------------------------------|-----------------------------------------|----------------------------------|------------------------------------------|---------------------------------------|
| <b>Assets</b>                                      |                                |                                         |                                  |                                          |                                       |
| Pooled Cash and Investments                        | \$ 955,496                     | \$ -                                    | \$ 54,586                        | \$ -                                     | \$ 1,010,082                          |
| Accounts and Misc Receivable, Net                  | 29,231                         | -                                       | 1,319                            | -                                        | 30,550                                |
| Lease Receivable                                   | 49,536                         | -                                       | -                                | -                                        | 49,536                                |
| Accrued Interest Receivable                        | 4,997                          | -                                       | 162                              | -                                        | 5,159                                 |
| Due from Other Governments                         | 50,798                         | -                                       | -                                | -                                        | 50,798                                |
| Dues from Other Funds                              | 4,947                          | -                                       | -                                | (4,947)                                  | -                                     |
| Inventory                                          | -                              | -                                       | 14,646                           | -                                        | 14,646                                |
| Prepaid and Deposits                               | 5,366                          | 468                                     | 2,184                            | -                                        | 8,018                                 |
| Restricted Assets:                                 |                                |                                         |                                  |                                          |                                       |
| Pooled Cash and Investments                        | 87,039                         | -                                       | -                                | -                                        | 87,039                                |
| Cash with Fiscal Agent                             | 55,462                         | -                                       | -                                | -                                        | 55,462                                |
| Accounts Receivable                                | 19,740                         | -                                       | -                                | -                                        | 19,740                                |
| Dues from Other Governments                        | 1,238                          | -                                       | -                                | -                                        | 1,238                                 |
| Investment in Joint Ventures                       | -                              | 278,936                                 | -                                | -                                        | 278,936                               |
| Capital Assets                                     | -                              | 1,914,481                               | 10,039                           | -                                        | 1,924,520                             |
| Total Assets                                       | <u>1,263,850</u>               | <u>2,193,885</u>                        | <u>82,936</u>                    | <u>(4,947)</u>                           | <u>3,535,724</u>                      |
| <b>Deferred Outflows of Resources</b>              |                                |                                         |                                  |                                          |                                       |
| Deferred Amounts on Refunding                      | -                              | 2,264                                   | -                                | -                                        | 2,264                                 |
| Pensions and OPEB                                  | -                              | 304,060                                 | 4,349                            | -                                        | 308,409                               |
| Total Deferred Outflows of Resources               | <u>-</u>                       | <u>306,324</u>                          | <u>4,349</u>                     | <u>-</u>                                 | <u>310,673</u>                        |
| Total Assets and Deferred Outflows of Resources    | <u>\$ 1,263,850</u>            | <u>\$ 2,500,209</u>                     | <u>\$ 87,285</u>                 | <u>\$ (4,947)</u>                        | <u>\$ 3,846,397</u>                   |
| <b>Liabilities</b>                                 |                                |                                         |                                  |                                          |                                       |
| Accounts Payable and Accrued                       | \$ 65,643                      | \$ -                                    | \$ 5,991                         | \$ -                                     | \$ 71,634                             |
| Due to Other Funds                                 | -                              | -                                       | 4,947                            | (4,947)                                  | -                                     |
| Claims Payable                                     | -                              | -                                       | 39,946                           | -                                        | 39,946                                |
| Customer and Defendant Deposits                    | 10,035                         | -                                       | -                                | -                                        | 10,035                                |
| Unearned Revenue                                   | 30,164                         | -                                       | -                                | -                                        | 30,164                                |
| Liabilities Payable from Restricted                | 59,661                         | -                                       | -                                | -                                        | 59,661                                |
| Pension and OPEB                                   | -                              | 1,833,432                               | 39,893                           | -                                        | 1,873,325                             |
| Long-term Liabilities                              | -                              | 701,243                                 | 1,385                            | -                                        | 702,628                               |
| Total Liabilities                                  | <u>165,503</u>                 | <u>2,534,675</u>                        | <u>92,162</u>                    | <u>(4,947)</u>                           | <u>2,787,393</u>                      |
| <b>Deferred Inflows of Resources</b>               |                                |                                         |                                  |                                          |                                       |
| Unavailable Revenue                                | 27,413                         | (27,413)                                | -                                | -                                        | -                                     |
| Pension                                            | -                              | 144,151                                 | 4,625                            | -                                        | 148,776                               |
| Deferred Inflows Related to Leases                 | 46,088                         | -                                       | -                                | -                                        | 46,088                                |
| Total Deferred Inflows of Resources                | <u>73,501</u>                  | <u>116,738</u>                          | <u>4,625</u>                     | <u>-</u>                                 | <u>194,864</u>                        |
| <b>Fund Balance/Net Position</b>                   |                                |                                         |                                  |                                          |                                       |
| Total Fund Balance/Net Position                    | <u>1,024,846</u>               | <u>(151,204)</u>                        | <u>(9,502)</u>                   | <u>-</u>                                 | <u>864,140</u>                        |
| Total Liabilities and Fund<br>Balance/Net Position | <u>\$ 1,263,850</u>            | <u>\$ 2,500,209</u>                     | <u>\$ 87,285</u>                 | <u>\$ (4,947)</u>                        | <u>\$ 3,846,397</u>                   |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

- (1) Investment in joint ventures that are to be used in governmental activities are also reported in the governmental funds as expenditures as constructed. These assets are included in the statement of net position for the City as a whole.

|                              |            |
|------------------------------|------------|
| Investment in Joint Ventures | \$ 278,936 |
|------------------------------|------------|

When capital assets (land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds, and thus a reduction in fund balance. However, the statement of net position includes those capital assets among the assets of the City as a whole.

|                          |                     |
|--------------------------|---------------------|
| Cost of Capital Assets   | \$ 3,393,533        |
| Accumulated Depreciation | (1,506,391)         |
| Total                    | <u>\$ 1,887,142</u> |

Certain items that are recognized as assets on the statement of net position are expended in governmental funds when paid such leases, and subscription-based information technology arrangements (SBITAs). These assets are capitalized and amortized over the shorter of the lease period or estimated useful life of the associated contract.

|                          |                  |
|--------------------------|------------------|
| Lease and SBITA Assets   | \$ 38,071        |
| Accumulated Amortization | (10,732)         |
| Total                    | <u>\$ 27,339</u> |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental fund statement.

|                          |                     |
|--------------------------|---------------------|
| Bonds Payable            | \$ 583,808          |
| Lease & SBITA Liability  | 29,165              |
| Compensated Absences     | 52,003              |
| Unamortized Bond Premium | 36,267              |
| Post-employment Benefits | 864,723             |
| Pension Liability        | 968,709             |
| Total                    | <u>\$ 2,534,675</u> |

Deferred outflows represent a consumption of net assets that applies to future reporting period(s) and do not meet the definition of an asset. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. The pension-related amounts result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period.

|                               |                   |
|-------------------------------|-------------------|
| Deferred Amounts on Refunding | \$ 2,264          |
| Deferred Pensions and OPEB    | 304,060           |
|                               | <u>\$ 306,324</u> |

Deferred inflows relating to pensions represent acquisition of net assets that applies to future periods.

|                                         |    |                |
|-----------------------------------------|----|----------------|
| Deferred Inflow of Resources on Pension | \$ | <u>144,151</u> |
|-----------------------------------------|----|----------------|

Prepaid expense consists of items that will consume net position in a future reporting period(s):

|                          |    |            |
|--------------------------|----|------------|
| Prepaid Cost of Issuance | \$ | <u>468</u> |
|--------------------------|----|------------|

Unavailable revenues shown on the governmental fund statements are not deferred on the statement of net position.

|                                        |    |               |
|----------------------------------------|----|---------------|
| Unavailable Property Tax Revenues      | \$ | 533           |
| Unavailable Special Assessment Revenue |    | 19,740        |
| Receivables not yet Collected          |    | <u>7,140</u>  |
|                                        | \$ | <u>27,413</u> |

(2) Internal service funds are used by management to charge the costs of certain activities, such as fleet support, materials and supplies, printing and graphics, and self-insurance, to the individual funds. The assets, liabilities, deferred inflows and deferred outflows of the internal service funds are included in the governmental activities in the statement of net position, but are not included on the governmental funds balance sheet.

|                        |    |                |
|------------------------|----|----------------|
| Internal Service Funds | \$ | <u>(9,502)</u> |
|------------------------|----|----------------|

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Activities (in thousands):

|                                                      | Total<br>Governmental<br>Funds | Long-term<br>Revenues/<br>Expenses(1) | Capital -<br>Related<br>Items(2) | Internal<br>Service<br>Funds(3) | Long-term<br>Debt (4) | Eliminations<br>(5) | Statement<br>of<br>Activities |
|------------------------------------------------------|--------------------------------|---------------------------------------|----------------------------------|---------------------------------|-----------------------|---------------------|-------------------------------|
| <b>Revenues and Other</b>                            |                                |                                       |                                  |                                 |                       |                     |                               |
| Revenues:                                            |                                |                                       |                                  |                                 |                       |                     |                               |
| Sales Taxes                                          | \$ 330,176                     | \$ -                                  | \$ -                             | \$ -                            | \$ -                  | \$ -                | \$ 330,176                    |
| Property Taxes                                       | 46,543                         | (235)                                 | -                                | -                               | -                     | -                   | 46,308                        |
| Occupancy Taxes                                      | 6,726                          | -                                     | -                                | -                               | -                     | -                   | 6,726                         |
| Special Assessments                                  | 1,737                          | (846)                                 | -                                | -                               | -                     | -                   | 891                           |
| Licenses and Permits                                 | 44,305                         | -                                     | -                                | -                               | -                     | -                   | 44,305                        |
| Intergovernmental                                    | 353,053                        | -                                     | -                                | -                               | -                     | -                   | 353,053                       |
| Charges for Service                                  | 91,658                         | -                                     | -                                | -                               | -                     | -                   | 91,658                        |
| Fines and Forfeitures                                | 8,248                          | -                                     | -                                | -                               | -                     | -                   | 8,248                         |
| Investment Income                                    | 54,764                         | -                                     | -                                | 2,971                           | -                     | -                   | 57,735                        |
| Contributions                                        | 57                             | -                                     | 4,056                            | 32,690                          | -                     | -                   | 36,803                        |
| Miscellaneous                                        | 11,995                         | 2,326                                 | -                                | -                               | -                     | -                   | 14,321                        |
| Other Sources:                                       |                                |                                       |                                  |                                 |                       |                     |                               |
| Transfers In                                         | 218,873                        | -                                     | -                                | 11,556                          | -                     | (91,683)            | 138,746                       |
| Sale of Capital Assets                               | 568                            | -                                     | (568)                            | -                               | -                     | -                   | -                             |
| Face Amount of Bonds                                 | 154,266                        | -                                     | -                                | -                               | (154,266)             | -                   | -                             |
| Financing of Leases                                  | 11,123                         | -                                     | -                                | -                               | (11,123)              | -                   | -                             |
| Premiums on Issuance<br>of Bonds                     | 14,622                         | -                                     | -                                | -                               | (14,622)              | -                   | -                             |
| <b>Total Revenue and<br/>Other Sources</b>           | <b>1,348,714</b>               | <b>1,245</b>                          | <b>3,488</b>                     | <b>47,217</b>                   | <b>(180,011)</b>      | <b>(91,683)</b>     | <b>1,128,970</b>              |
| <b>Expenditures/<br/>Expenses and Other</b>          |                                |                                       |                                  |                                 |                       |                     |                               |
| Expenditures/Expenses:                               |                                |                                       |                                  |                                 |                       |                     |                               |
| Current:                                             |                                |                                       |                                  |                                 |                       |                     |                               |
| General                                              | 160,894                        | 17,661                                | 33,202                           | 18,758                          | -                     | -                   | 230,515                       |
| Public Safety                                        | 438,559                        | 17,960                                | 21,682                           | 16,078                          | -                     | -                   | 494,279                       |
| Community                                            | 126,557                        | 1,994                                 | 59,355                           | 5,262                           | -                     | -                   | 193,168                       |
| Cultural-                                            | 87,941                         | 2,070                                 | 21,530                           | 2,128                           | -                     | -                   | 113,669                       |
| Debt Service:                                        |                                |                                       |                                  |                                 |                       |                     |                               |
| Principal                                            | 55,420                         | -                                     | -                                | -                               | (55,420)              | -                   | -                             |
| Interest                                             | 20,114                         | -                                     | -                                | -                               | (2,975)               | -                   | 17,139                        |
| Service Charge                                       | 13                             | -                                     | -                                | -                               | -                     | -                   | 13                            |
| Cost of Issuance                                     | 772                            | -                                     | -                                | -                               | 25                    | -                   | 797                           |
| Capital Outlay                                       | 211,642                        | -                                     | (211,642)                        | -                               | -                     | -                   | -                             |
| Other Financing Uses:                                |                                |                                       |                                  |                                 |                       |                     |                               |
| Transfers Out                                        | 91,571                         | -                                     | -                                | 112                             | -                     | (91,683)            | -                             |
| <b>Total Expenditures/<br/>&amp; Other Financing</b> | <b>1,193,483</b>               | <b>39,685</b>                         | <b>(75,873)</b>                  | <b>42,338</b>                   | <b>(58,370)</b>       | <b>(91,683)</b>     | <b>1,049,580</b>              |
| <b>Net Change for the Year</b>                       | <b>\$ 155,231</b>              | <b>\$ (38,440)</b>                    | <b>\$ 79,361</b>                 | <b>\$ 4,879</b>                 | <b>\$(121,641)</b>    | <b>\$ -</b>         | <b>\$ 79,390</b>              |

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

- (1) Revenues in the statement of activities that do not provide current financial resources include unavailable revenues. Revenues that are “unavailable” and do not provide current financial resources are not reported in the governmental funds. However, the subsequent collection of these revenues in the governmental funds will reduce the amount reported in the statement of activities.

|                            |    |              |
|----------------------------|----|--------------|
| Property Tax Revenues      | \$ | (235)        |
| Special Assessment Revenue |    | (846)        |
| Unavailable Revenue        |    | 2,326        |
|                            | \$ | <u>1,245</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|                                          |    |               |
|------------------------------------------|----|---------------|
| Accrual of Long Term Compensated Absence | \$ | 3,289         |
| OPEB Expense                             |    | 31,303        |
| Pension Expense                          |    | 5,093         |
| Total                                    | \$ | <u>39,685</u> |

- (2) When capital assets that are to be used in the governmental activities are purchased or constructed the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation/amortization expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net position decreases by the amount of depreciation/amortization expense charged for the year.

|                                   |    |               |
|-----------------------------------|----|---------------|
| Capital Outlay for Capital Assets | \$ | 163,058       |
| Depreciation Expense              |    | (78,738)      |
| Total                             | \$ | <u>84,320</u> |

When leases (in which the City is the lessee) and subscription-based information technology arrangements (SBITAs) are to be used in governmental activities, an expenditure is recorded in the governmental funds in the amount of the Present Value of the Future Lease Payments (PVFLP)/ Present Value of the Future Subscription Payments (PVFSP), respectively; however, in the statement of activities, the PVFLP and PVFSP are recognized as intangible assets and amortized over the lease term/subscription term.

|                                      |    |              |
|--------------------------------------|----|--------------|
| Capital Outlay for Leases and SBITAs | \$ | 11,123       |
| Lease & SBITA Amortization           |    | (6,900)      |
| Total                                | \$ | <u>4,223</u> |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

The net effect of miscellaneous transactions involving capital assets (donations, transfers and disposals) and investment in joint venture activity is to increase net position.

|                                             |    |                |
|---------------------------------------------|----|----------------|
| Change in Equity Interest for Joint Venture | \$ | (8,836)        |
| Donations, transfers and Disposals          |    | (346)          |
|                                             | \$ | <u>(9,182)</u> |

- (3) Internal service funds are used by management to charge the costs of certain activities, such as fleet support, materials and supplies, printing and graphics, and self-insurance, to the individual funds. The adjustments for internal service funds "close" those funds by charging the additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

|                               |    |              |
|-------------------------------|----|--------------|
| Revenue and other Sources     | \$ | 47,217       |
| Expenditures and other Assets |    | (42,338)     |
| Change in Net Position        | \$ | <u>4,879</u> |

- (4) Bond and note proceeds are reported as financing sources and the repayment of principal consumes financial resources in the governmental funds. Neither transaction has any effect on the statement of activities.

|                          |    |                  |
|--------------------------|----|------------------|
| General Obligation Bonds | \$ | (154,266)        |
| Principal Repayments     |    | 49,588           |
| Total                    | \$ | <u>(104,678)</u> |

The financing of leases and subscription-based information technology arrangements (SBITAs) are reported as financing sources in governmental funds and thus contribute to the change in fund balance. The repayment of principal on leases and SBITAs consumes financial resources in the governmental funds. Neither transaction has any effect on the statement of activities

|                     |    |                |
|---------------------|----|----------------|
| Lease Acquisition   | \$ | (11,123)       |
| Principal Repayment |    | 5,832          |
|                     | \$ | <u>(5,291)</u> |

Governmental funds report bond premium, deferred amounts and prepaids relating to refunding when first issued. In the statement of activities these amounts are amortized.

|                                            |    |               |
|--------------------------------------------|----|---------------|
| Premiums on Bonds                          | \$ | 14,622        |
| Amortization of Bond Premiums              |    | (3,894)       |
| Amortization of Deferred Refunding Amounts |    | 919           |
| Amortization of Bond Issuance Costs        |    | 25            |
|                                            | \$ | <u>11,672</u> |

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

- (5) Interfund transfers between governmental activities, other than Internal Service Funds, are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of transfers in and transfers out to eliminate the doubling up effect of these transactions within the governmental activities. Elimination of transfers to/from the Internal Service Funds is netted into the results of the Internal Service Funds in (3) above.

|               |               |
|---------------|---------------|
| Transfers Out | \$ (91,683)   |
| Transfers In  | <u>91,683</u> |
|               | <u>\$ —</u>   |

### 3. FUND BALANCE

As of June 30, 2025, the fund balance details by classification are listed below (in thousands):

| <b>Fund Balances:</b>       | <b>General Fund</b> | <b>Non-major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-----------------------------|---------------------|---------------------------------------------|-----------------------------------------|
| <b>Nonspendable:</b>        |                     |                                             |                                         |
| Prepaid Costs               | \$ 4,523            | \$ 843                                      | \$ 5,366                                |
| Nonspendable Sub-total      | 4,523               | 843                                         | 5,366                                   |
| <b>Restricted:</b>          |                     |                                             |                                         |
| Capital Projects            | -                   | 139,584                                     | 139,584                                 |
| Community Facility District | -                   | 1,550                                       | 1,550                                   |
| Coronavirus Relief          | -                   | 2,894                                       | 2,894                                   |
| Court                       | -                   | 2,090                                       | 2,090                                   |
| Debt Service                | -                   | 28,349                                      | 28,349                                  |
| Fire                        | -                   | 51,624                                      | 51,624                                  |
| General Government          | -                   | 10                                          | 10                                      |
| Housing                     | -                   | 1,972                                       | 1,972                                   |
| Library                     | -                   | 276                                         | 276                                     |
| Parks & Recreation          | -                   | 709                                         | 709                                     |
| Police                      | -                   | 67,098                                      | 67,098                                  |
| Public Health               | -                   | 4,946                                       | 4,946                                   |
| Spring Training and Tourism | -                   | 3,716                                       | 3,716                                   |
| Transportation Programs     | -                   | 160,630                                     | 160,630                                 |
| Restricted Sub-total        | -                   | 465,448                                     | 465,448                                 |
| <b>Committed To:</b>        |                     |                                             |                                         |
| Arts & Culture              | -                   | 1,121                                       | 1,121                                   |
| Cemetery                    | 3,553               | 3,343                                       | 6,896                                   |
| Environmental Compliance    | -                   | 19,314                                      | 19,314                                  |
| Fire                        | 3,188               | -                                           | 3,188                                   |
| Technology                  | -                   | 2,548                                       | 2,548                                   |
| Committed To Sub-total      | 6,741               | 26,326                                      | 33,067                                  |
| <b>Assigned To:</b>         |                     |                                             |                                         |
| Capital Projects            | -                   | 91,283                                      | 91,283                                  |
| Development Services        | 608                 | -                                           | 608                                     |
| Economic Development        | 6,125               | -                                           | 6,125                                   |
| Fire                        | 10,698              | -                                           | 10,698                                  |
| General Government          | 143,084             | 219                                         | 143,303                                 |
| Housing                     | 5,600               | -                                           | 5,600                                   |
| Parks & Recreation          | 1,831               | -                                           | 1,831                                   |
| Police                      | 18,413              | -                                           | 18,413                                  |
| Spring Training and Tourism | 30,531              | -                                           | 30,531                                  |
| Sustainability              | 397                 | -                                           | 397                                     |
| Transit                     | 351                 | -                                           | 351                                     |
| Vehicle Replacement         | -                   | 1,734                                       | 1,734                                   |
| Assigned To Sub-total       | 217,638             | 93,236                                      | 310,874                                 |
| <b>Unassigned</b>           | 210,091             | -                                           | 210,091                                 |
| <b>Total Fund Balances</b>  | <u>\$ 438,993</u>   | <u>\$ 585,853</u>                           | <u>\$ 1,024,846</u>                     |

#### **4. POOLED CASH AND INVESTMENTS**

Total Pooled City Cash and Investments at fair value are as follows (in thousands):

|                                        |    |                  |
|----------------------------------------|----|------------------|
| Cash on Hand                           | \$ | 18,670           |
| Investments in Local Govt Invest Pools |    | 11,087           |
| Cash with Custodian (1)                |    | 11,300           |
| Money Market                           |    | 30,000           |
| Cash with Fiscal Agent (2)             |    | 144,419          |
| Cash with Trustee                      |    | 7                |
| Long-Term Investments                  |    | 1,336,110        |
| Total City Pooled Cash and Investments | \$ | <u>1,551,593</u> |

(1) Represents cash sent by the City to Custodian on June 30, 2025 for investing purposes.

(2) Represents cash sent by the City to fiscal agents on June 30, 2025 for debt service payments due to bondholders on July 1, 2025

#### **Deposits**

At year end, the City's cash totaled \$18,670,416 which included \$137,030 in petty cash. The City's adjusted book balance was \$18,533,386 and the bank balance was \$29,624,660. The difference of \$11,091,274 represents outstanding deposits and withdrawals in transit.

#### *Custodial Risk*

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of bank failure, the City's deposits may not be returned. To mitigate this risk, on July 1, 2014 Arizona House Bill 2619 Arizona Revised Statute (§35-1201 et. seq.) went into effect establishing a pooled collateral program for public deposits and creating a Statewide Collateral Pool Administrator (the "Administrator") in the State Treasurer's Office. The purpose of this Bill is to ensure that public deposits of governmental entities placed with participating banks are backed with collateral of 102% of the amount on deposit less applicable FDIC Deposit Insurance. The Administrator will monitor, audit and report on each bank's compliance. Collateral under this program is pledged in the name of the Administrator and the City's current bank is a participant in this program. The City's cash balances on deposit as of June 30, 2025 are covered under House Bill 2619.

#### **Investments**

The City's Investment Policy is consistent with the City Charter. The investment policy authorizes the investment of City funds in accordance with Arizona Revised Statute §35-323. These investments include obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties, or incorporated cities, towns or duly organized school districts, improvement districts in this state, State Treasurer Investment Pool, and investment grade corporate bonds, debentures, notes and other evidence of indebtedness issued or guaranteed by solvent U.S. corporations which are not in default as to principal or interest.

#### *Interest Rate Risk*

The City's investment policy for limiting its exposure from rising interest rates complies with Arizona Revised Statute §35-323, which limits investments of public monies to maturities of five years or less.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy for credit risk complies with Arizona Revised Statute §35-323. The City's portfolio

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

is primarily invested in securities issued by the U.S. Treasury and by U.S. Government agencies that carry a minimum "A" or better rating, at the time of purchase, from two nationally recognized rating agencies.

The City's portfolio also invests in Corporate Notes rated "A" or better by two nationally recognized rating agencies and participates in the State Treasurer's Investment Pool (LGIP), which is overseen according to Arizona State Statute by the State Board of Investment. Within the State Treasurer's Investment Pools, the City participates in Investment Pool 7. Pool 7 is a short-term fund which invests only in products backed by the full faith and credit of the United States Government. Pool 7 carries a weighted average credit rating of AAA.

Associated with credit risk is concentration of credit risk and custodial credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City's investments had the following credit risk structure as of June 30, 2025 (in thousands):

| Investment Type                         | S & P Rating | Fair value          |
|-----------------------------------------|--------------|---------------------|
| Corporate Notes                         | AAA          | \$ 3,076            |
| Corporate Notes                         | AA+          | 9,418               |
| Corporate Notes                         | AA           | 1,502               |
| Corporate Notes                         | AA-          | 29,858              |
| Corporate Notes                         | A+           | 33,422              |
| Corporate Notes                         | A            | 29,682              |
| Corporate Notes                         | A-           | 27,524              |
| Corporate Notes                         | BBB+         | 4,063               |
| Corporate Notes                         | NR / NR**    | 5,067               |
| First American Gov't Obligation MM Fund | AAAm         | 11,300              |
| Goldman Sachs Money Market              | AAAm         | 30,000              |
| Foreign Issues                          | AAA          | 13,065              |
| Foreign Issues                          | AA-          | 13,811              |
| Foreign Issues                          | A+           | 13,807              |
| Foreign Issues                          | A            | 10,991              |
| Foreign Issues                          | A-           | 19,500              |
| Foreign Issues                          | BBB+         | 3,023               |
| Municipal Bonds                         | AAA          | 15,499              |
| Municipal Bonds                         | AA+          | 8,974               |
| Municipal Bonds                         | AA           | 15,388              |
| Municipal Bonds                         | AA-          | 20,108              |
| Municipal Bonds                         | A+           | 3,028               |
| Municipal Bonds                         | A            | 984                 |
| Municipal Bonds                         | N/A          | 7,374               |
| Municipal Bonds                         | N/R          | 6,973               |
| US Agencies                             | AA+          | 377,152             |
| US Agencies                             | N/A          | 328,378             |
| US Agencies and Treasuries Short Term   | N/R**        | 334,443             |
| Total                                   |              | <u>\$ 1,377,410</u> |

\*Rating by Moodys \*\*No Rating

*Fair Value of Investments*

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

**City of Mesa, Arizona**
**Notes to Financial Statements**
**For the Fiscal Year Ended June 30, 2025**

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

On June 30, 2025, the City had the following recurring fair value measurements (in thousands):

|                                                |                     | Fair Value Measurements Using: |                    |                |
|------------------------------------------------|---------------------|--------------------------------|--------------------|----------------|
|                                                | Fair Value          |                                |                    |                |
| <u>Investment by Fair Value Level</u>          | <u>6/30/2025</u>    | <u>Level 1</u>                 | <u>Level 2</u>     | <u>Level 3</u> |
| <u>Debt Securities</u>                         |                     |                                |                    |                |
| Corporate Notes                                | \$ 143,612          | \$ -                           | \$ 143,612         | \$ -           |
| Foreign Issues                                 | 74,197              | -                              | 74,197             | -              |
| Municipal Bonds                                | 78,328              | -                              | 78,328             | -              |
| US Treasuries and Agencies                     | 1,039,973           | -                              | 1,039,973          | -              |
| Total Debt Securities at Fair Value            | 1,336,110           | <u>\$ -</u>                    | <u>\$1,336,110</u> | <u>\$ -</u>    |
| <u>Investments Measured at Net Asset Value</u> |                     |                                |                    |                |
| Arizona State Treasurers Investment Pools      | 11,087              |                                |                    |                |
| First American Gov't Obligation MM Fund        | 11,300              |                                |                    |                |
| Goldman Sachs Money Market                     | 30,000              |                                |                    |                |
| Total Investments Measured At Fair Value       | <u>\$ 1,388,497</u> |                                |                    |                |

Debt securities classified in Level 2 are valued using quoted prices for similar securities in active markets.

Investments valued using the net asset value (NAV) per share (or its equivalent) are City investments in Arizona State Treasurers Investment Pool (LGIP) and unlike more traditional investments, generally do not have readily obtainable fair values. Investments valued at NAV utilized Net Asset Values as provided by State of Arizona Treasurer's Office on June 30, 2025.

The City's investment maturities on June 30, 2025 are as follows (in thousands):

| <u>Investment Type</u>             | <u>Investment Maturities (in Years)</u> |                        |            |            | <u>Concentration<br/>of Credit Risk<br/>%</u> |
|------------------------------------|-----------------------------------------|------------------------|------------|------------|-----------------------------------------------|
|                                    | <u>Fair Value</u>                       | <u>Less<br/>Than 1</u> | <u>1-3</u> | <u>3-5</u> |                                               |
| Corporate Notes                    | \$ 143,613                              | \$ 4,277               | \$ 75,705  | \$ 63,631  | 10.43 %                                       |
| First American Gov't Obligation MM | 11,300                                  | 11,300                 | -          | -          | 0.82 %                                        |
| Goldman Sachs Money Market         | 30,000                                  | 30,000                 | -          | -          | 2.18 %                                        |
| Foreign Issues                     | 74,197                                  | 12,697                 | 39,001     | 22,499     | 5.39 %                                        |
| Municipal Bonds                    | 78,327                                  | 26,887                 | 31,215     | 20,225     | 5.69 %                                        |
| US Treasuries and Agencies         | 1,039,973                               | 613,833                | 270,223    | 155,917    | 75.50 %                                       |
| Totals                             | \$1,377,410                             | \$ 698,994             | \$ 416,144 | \$ 262,272 | 100.00 %                                      |

## 5. ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows (in thousands):

| <b>Fund</b>                           | <b>Receivables</b> | <b>Allowance</b>   | <b>Net</b>        |
|---------------------------------------|--------------------|--------------------|-------------------|
| <b>Governmental Activities:</b>       |                    |                    |                   |
| General Fund:                         |                    |                    |                   |
| Other Customers                       | \$ 33,993          | \$ (9,518)         | \$ 24,475         |
| Leases                                | 49,536             | -                  | 49,536            |
| Due from Other Governments:           | 17,562             | -                  | 17,562            |
| Non-Major Governmental Funds:         |                    |                    |                   |
| Other Customers                       | 6,002              | (1,246)            | 4,756             |
| Restricted-Spec. Assessments          | 19,740             | -                  | 19,740            |
| Restricted-Due from Other Governments | 1,238              | -                  | 1,238             |
| Due from Other Governments            |                    |                    |                   |
| Sales Tax Revenues                    | 26,403             | -                  | 26,403            |
| Other                                 | 6,833              | -                  | 6,833             |
| Internal Service Funds:               |                    |                    |                   |
| Premiums                              | 11                 | -                  | 11                |
| Other Customers                       | 1,952              | (644)              | 1,308             |
| Total Governmental Activities         | <u>\$ 163,270</u>  | <u>\$ (11,408)</u> | <u>\$ 151,862</u> |
| <b>Business-Type Activities:</b>      |                    |                    |                   |
| Utility Customers                     | \$ 52,985          | \$ (2,172)         | \$ 50,813         |
| Other Customers                       | 1,537              | (190)              | 1,347             |
| Leases                                | 59,967             | -                  | 59,967            |
| Due from Other Governments            | 5,867              | -                  | 5,867             |
| Total Business-type Activities        | <u>\$ 120,356</u>  | <u>\$ (2,362)</u>  | <u>\$ 117,994</u> |

### Unbilled Accounts Receivable

Unbilled utility service receivables are recorded in the year in which the services are provided. At June 30, 2025, unbilled utility service receivables are recorded in the Enterprise Fund as follows (in thousands):

|             |                  |
|-------------|------------------|
| Electric    | \$ 3,669         |
| Gas         | 1,869            |
| Water       | 12,874           |
| Wastewater  | 6,212            |
| Solid Waste | 3,818            |
|             | <u>\$ 28,442</u> |

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Additionally, governmental funds record unearned revenue when resources have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported were as follows (in thousands):

|                                                               | <b>Governmental Activities</b> |                        |                  |
|---------------------------------------------------------------|--------------------------------|------------------------|------------------|
|                                                               | <b>General Fund</b>            | <b>Non-Major Funds</b> | <b>Total</b>     |
| <b><u>Unearned Revenue</u></b>                                |                                |                        |                  |
| Advance ticket sales                                          | \$ 3,762                       | \$ 276                 | \$ 4,038         |
| Grants received prior to meeting all eligibility requirements | -                              | 18,496                 | 18,496           |
| Unspent ABC Donations                                         | -                              | 110                    | 110              |
| Amounts paid in advance                                       | 1,475                          | 6,045                  | 7,520            |
|                                                               | <u>\$ 5,237</u>                | <u>\$ 24,927</u>       | <u>\$ 30,164</u> |
|                                                               |                                |                        |                  |
|                                                               | <b>General Fund</b>            | <b>Non-Major Funds</b> | <b>Total</b>     |
| <b><u>Unavailable Revenue</u></b>                             |                                |                        |                  |
| Receivables not yet collected                                 | \$ 4,379                       | \$ 2,761               | \$ 7,140         |
| Delinquent Property Taxes                                     | -                              | 533                    | 533              |
| Special Assessments not yet due                               | -                              | 19,740                 | 19,740           |
|                                                               | <u>\$ 4,379</u>                | <u>\$ 23,034</u>       | <u>\$ 27,413</u> |

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund activities are included in the fund financial statements on June 30, 2025 (in thousands):

| <b>Fund</b>       | <b>Due from Other Funds</b> | <b>Due to Other Funds</b> |
|-------------------|-----------------------------|---------------------------|
| General Fund      | \$ 4,947                    | \$ -                      |
| Proprietary Funds | -                           | 4,947                     |
| Total             | <u>\$ 4,947</u>             | <u>\$ 4,947</u>           |

Interfund balances on June 30, 2025, are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2025 (in thousands):

|              |                        | Transfers Out |                        |            |         |                  |            |
|--------------|------------------------|---------------|------------------------|------------|---------|------------------|------------|
| Transfers In | Funds                  | General       | Non-Major Governmental | Utility    | Airport | Internal Service | Total      |
|              | General                | \$ -          | \$ 5,739               | \$ 138,566 | \$ 11   | \$ 112           | \$ 144,428 |
|              | Non-Major Governmental | 74,445        | -                      | -          | -       | -                | 74,445     |
|              | Internal Service       | 11,387        | -                      | 167        | 2       | -                | 11,556     |
|              | Total                  | \$ 85,832     | \$ 5,739               | \$ 138,733 | \$ 13   | \$ 112           | \$ 230,429 |

The transfer from business-type activities to governmental activities on the government-wide statement of activities is a \$138,143,000 operational subsidy from the Utility Fund to the General Fund. The remaining interfund transfers generally fall within one of the two following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; and 2) subsidy/reserve transfers.

## 7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

### City as Lessee

The City, as a lessee, has entered into lease agreements for three buildings, including one located at a local commercial airport, under long-term, non-cancelable lease agreements. The City sub-leases the airport building to an aircraft parts engineering and maintenance company. The airport lease agreement provides for increases in future minimum annual rental payments based on defined increases in the consumer price index, subject to certain minimum increases. The total of the City's lease assets is recorded at a cost of \$27,809,868, less accumulated amortization of \$6,040,833.

Total future minimum lease payments under this lease agreement are as follows (in thousands):

|            | Governmental Activities |                 | Total            |
|------------|-------------------------|-----------------|------------------|
|            | Principal               | Interest        |                  |
| 2026       | \$ 2,795                | \$ 446          | \$ 3,241         |
| 2027       | 2,140                   | 360             | 2,500            |
| 2028       | 1,327                   | 326             | 1,653            |
| 2029       | 1,231                   | 301             | 1,532            |
| 2030       | 1,253                   | 276             | 1,529            |
| 2031-2035  | 6,645                   | 982             | 7,627            |
| Thereafter | 6,999                   | 254             | 7,253            |
| Totals     | <u>\$ 22,391</u>        | <u>\$ 2,945</u> | <u>\$ 25,335</u> |

### City as Lessor

The City, as a lessor, has entered into lease agreements for land, air, buildings, and equipment under long-term, non-cancelable lease agreements. The building that is leased from a local commercial airport is sub-leased to an aircraft parts engineering and maintenance company. These leases expire at various dates through 2079 and provide for renewal options ranging from 1 to 50 years. During the year ended June 30, 2025, the City recognized \$5,625,422 and \$2,422,956 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

**Subscription-Based Information Technology Arrangements**

The City has obtained the right to use various desktop and server software, cloud backup services, payroll and human resources software, and other intangible right-to-use software under the provisions of various subscription-based information technology arrangements (SBITA's).

The total of the City's subscription assets is recorded at a cost of \$10,262,000, less accumulated amortization of \$4,690,000.

The future subscription payments under SBITA agreements are as follows (in thousands):

|           | <u>Governmental Activities</u> |                 |                 |
|-----------|--------------------------------|-----------------|-----------------|
|           | <u>Principal</u>               | <u>Interest</u> | <u>Total</u>    |
| 2026      | \$ 1,420                       | \$ 247          | \$ 1,667        |
| 2027      | 1,268                          | 198             | 1,466           |
| 2028      | 662                            | 160             | 822             |
| 2029      | 384                            | 144             | 528             |
| 2030      | 416                            | 127             | 543             |
| 2031-2035 | <u>2,625</u>                   | <u>282</u>      | <u>2,907</u>    |
| Totals    | <u>\$ 6,775</u>                | <u>\$ 1,158</u> | <u>\$ 7,933</u> |

## 8. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2025, follows (in thousands):

| <b>Government Activities</b>                | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Retirements</b>  | <b>Ending<br/>Balance</b> |
|---------------------------------------------|------------------------------|-------------------|---------------------|---------------------------|
| <b>Non-depreciable Assets:</b>              |                              |                   |                     |                           |
| Land                                        | \$ 419,761                   | \$ -              | \$ -                | \$ 419,761                |
| Infrastructure                              | 3,597                        | -                 | -                   | 3,597                     |
| Construction-in-Progress                    | 186,489                      | 202,455           | (217,518)           | 171,426                   |
| Total Non-depreciable Assets                | <u>609,847</u>               | <u>202,455</u>    | <u>(217,518)</u>    | <u>594,784</u>            |
| <b>Depreciable Assets:</b>                  |                              |                   |                     |                           |
| Buildings                                   | 542,027                      | 58,764            | -                   | 600,791                   |
| Other Improvements                          | 327,457                      | 47,530            | (1,673)             | 373,314                   |
| Machinery & Equipment                       | 335,730                      | 48,029            | (5,481)             | 378,278                   |
| Infrastructure                              | 1,412,491                    | 30,099            | (70)                | 1,442,520                 |
| Intangible:                                 |                              |                   |                     |                           |
| Subscription Assets                         | 3,926                        | 8,000             | (1,664)             | 10,262                    |
| Lease - Buildings                           | 28,316                       | 2,832             | (3,629)             | 27,519                    |
| Lease - Machinery & Equipment               | -                            | 264               | -                   | 264                       |
| Lease - Land                                | -                            | 26                | -                   | 26                        |
| Software                                    | 24,312                       | -                 | -                   | 24,312                    |
| Total Depreciable Assets                    | <u>2,674,259</u>             | <u>195,544</u>    | <u>(12,517)</u>     | <u>2,857,286</u>          |
| <b>Less Accumulated Depreciation for:</b>   |                              |                   |                     |                           |
| Buildings                                   | (182,276)                    | (10,453)          | -                   | (192,729)                 |
| Other Improvements                          | (184,340)                    | (11,943)          | 1,464               | (194,819)                 |
| Machinery & Equipment                       | (218,458)                    | (17,105)          | 5,322               | (230,241)                 |
| Infrastructure                              | (835,222)                    | (39,565)          | 70                  | (874,717)                 |
| Intangible:                                 |                              |                   |                     |                           |
| Subscription Assets                         | (2,455)                      | (3,899)           | 1,664               | (4,690)                   |
| Lease - Buildings                           | (6,577)                      | (2,967)           | 3,604               | (5,940)                   |
| Lease - Machinery & Equipment               | -                            | (84)              | -                   | (84)                      |
| Lease - Land                                | -                            | (18)              | -                   | (18)                      |
| Software                                    | (24,312)                     | -                 | -                   | (24,312)                  |
| Total Accum. Depreciation                   | <u>(1,453,640)</u>           | <u>(86,034)</u>   | <u>12,124</u>       | <u>(1,527,550)</u>        |
| <b>Total Depreciated Capital Assets net</b> | <u>1,220,619</u>             | <u>109,510</u>    | <u>(393)</u>        | <u>1,329,736</u>          |
| <b>Governmental Activities Capital, net</b> | <u>\$1,830,466</u>           | <u>\$ 311,965</u> | <u>\$ (217,911)</u> | <u>\$1,924,520</u>        |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

Depreciation and Amortization expense was charged to functions in the government-wide financial statements as follows (in thousands):

|                                                                                                                              |                  |
|------------------------------------------------------------------------------------------------------------------------------|------------------|
| General Government                                                                                                           | \$ 11,628        |
| Public Safety                                                                                                                | 14,685           |
| Community Environment                                                                                                        | 42,590           |
| Cultural-Recreational                                                                                                        | 16,715           |
| Capital assets held by the City's Internal Service funds are charged to the various functions based on their usage of assets | 416              |
|                                                                                                                              | <u>\$ 86,034</u> |

| <b>Business-Type Activities:</b>            | <b>Beginning</b>   | <b>Additions</b>  | <b>Retirements</b>  | <b>Balance</b>      |
|---------------------------------------------|--------------------|-------------------|---------------------|---------------------|
| <b>Non-depreciable Assets:</b>              |                    |                   |                     |                     |
| Land                                        | \$ 31,786          | \$ -              | \$ -                | \$ 31,786           |
| Water Rights                                | 17,560             | -                 | -                   | 17,560              |
| Collections of Art                          | 106                | -                 | -                   | 106                 |
| Construction-in-Progress                    | 191,396            | 327,488           | (105,931)           | 412,953             |
| Total Non-depreciable Assets                | <u>240,848</u>     | <u>327,488</u>    | <u>(105,931)</u>    | <u>462,405</u>      |
| <b>Depreciable Assets:</b>                  |                    |                   |                     |                     |
| Buildings                                   | 46,701             | -                 | -                   | 46,701              |
| Other Improvements                          | 87,533             | 314               | -                   | 87,847              |
| Machinery & Equipment                       | 93,555             | 15,334            | (4,032)             | 104,857             |
| Intangibles                                 | 26,801             | -                 | -                   | 26,801              |
| Infrastructure                              | 2,372,334          | 82,707            | (100)               | 2,454,941           |
| Total Depreciable Assets                    | <u>2,626,924</u>   | <u>98,355</u>     | <u>(4,132)</u>      | <u>2,721,147</u>    |
| <b>Less Accumulated Depreciation for:</b>   |                    |                   |                     |                     |
| Buildings                                   | (19,273)           | (857)             | -                   | (20,130)            |
| Other Improvements                          | (52,328)           | (2,342)           | -                   | (54,670)            |
| Machinery & Equipment                       | (67,377)           | (4,876)           | 4,032               | (68,221)            |
| Intangibles                                 | (23,222)           | (112)             | -                   | (23,334)            |
| Infrastructure                              | (1,157,587)        | (57,408)          | 59                  | (1,214,936)         |
| Total Accum. Depreciation                   | <u>(1,319,787)</u> | <u>(65,595)</u>   | <u>4,091</u>        | <u>(1,381,291)</u>  |
| <b>Total Depreciable Assets, net</b>        | <u>1,307,137</u>   | <u>32,760</u>     | <u>(41)</u>         | <u>1,339,856</u>    |
| <b>Business-Type Activities Assets, net</b> | <u>\$1,547,985</u> | <u>\$ 360,248</u> | <u>\$ (105,972)</u> | <u>\$ 1,802,261</u> |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

Depreciation and Amortization expense was charged to enterprise functions in the government-wide financial statements as follows (in thousands):

|                  |                  |
|------------------|------------------|
| Electric         | \$ 3,826         |
| Gas              | 6,780            |
| Water            | 32,806           |
| Wastewater       | 17,363           |
| Solid Waste      | 2,706            |
| Airport          | 1,795            |
| District Cooling | 319              |
|                  | <u>\$ 65,595</u> |

Construction in progress and related construction commitments are composed of the following (in thousands):

| <u>Governmental Activities</u>  | <u>Construction<br/>in Progress</u> | <u>Commitments</u> |
|---------------------------------|-------------------------------------|--------------------|
| General Governments             | \$ 150,717                          | \$ 169,937         |
| Public Safety                   | 3,206                               | 1,360              |
| Community Environment           | 5,864                               | 129                |
| Cultural-Recreational           | 11,639                              | 204                |
| Total                           | <u>\$ 171,426</u>                   | <u>\$ 171,630</u>  |
|                                 |                                     |                    |
| <u>Business-Type Activities</u> | <u>Construction<br/>In Progress</u> | <u>Commitments</u> |
| Electric                        | \$ 10,422                           | \$ 1,965           |
| Gas                             | 54,044                              | 11,253             |
| Water                           | 263,537                             | 227,756            |
| Wastewater                      | 69,318                              | 30,512             |
| Solid Waste                     | 7,319                               | 4,226              |
| Airport                         | 8,142                               | 1,472              |
| District Cooling                | 171                                 | 19                 |
| Total                           | <u>\$ 412,953</u>                   | <u>\$ 277,203</u>  |

## 9. LONG-TERM OBLIGATIONS

### a. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations (in thousands).

|                                  | Beginning<br>Balances | Additions         | Reductions         | Ending<br>Balances  | Amounts<br>Due Within<br>One Year |
|----------------------------------|-----------------------|-------------------|--------------------|---------------------|-----------------------------------|
| <b>Governmental Activities:</b>  |                       |                   |                    |                     |                                   |
| Bonds Payable:                   |                       |                   |                    |                     |                                   |
| General Obligation Bonds         | \$ 335,990            | \$ 154,265        | \$ (33,745)        | \$ 456,510          | \$ 28,775                         |
| Highway User Revenue Bonds       | 18,540                | -                 | (10,880)           | 7,660               | 3,755                             |
| Excise Tax Revenue Obligations   | 31,630                | -                 | (1,375)            | 30,255              | 1,440                             |
| Community Facility District      | 92,971                | -                 | (3,588)            | 89,383              | 3,678                             |
| Total Bonds Payable              | <u>479,131</u>        | <u>154,265</u>    | <u>(49,588)</u>    | <u>583,808</u>      | <u>37,648</u>                     |
| Leases                           | 22,077                | 3,122             | (2,808)            | 22,391              | 2,795                             |
| Subscription-Based Information   |                       |                   |                    |                     |                                   |
| Technology Arrangements          | 1,900                 | 8,000             | (3,126)            | 6,774               | 1,420                             |
| Unamortized Premiums             | 25,539                | 14,622            | (3,894)            | 36,267              | -                                 |
| Compensated Absences             | 50,001                | 40,064            | (36,677)           | 53,388              | 5,725                             |
| Pension and OPEB Liability       | 1,808,878             | 64,447            | -                  | 1,873,325           | 24,751                            |
| Governmental Activities Total    | <u>\$2,387,526</u>    | <u>\$ 284,519</u> | <u>\$ (96,093)</u> | <u>\$ 2,575,953</u> | <u>\$ 72,339</u>                  |
| <b>Business-Type Activities:</b> |                       |                   |                    |                     |                                   |
| Bonds Payable:                   |                       |                   |                    |                     |                                   |
| Utility Revenue Bonds            | \$1,063,125           | \$ -              | \$ (65,335)        | \$ 997,790          | \$ 52,185                         |
| Utility Revenue Obligations      | 323,975               | 295,465           | (8,790)            | 610,650             | 12,570                            |
| Total Bonds Payable              | <u>1,387,100</u>      | <u>295,465</u>    | <u>(74,125)</u>    | <u>1,608,440</u>    | <u>64,755</u>                     |
| Notes Payable                    | 827                   | -                 | (160)              | 667                 | 163                               |
| Unamortized Bond Premiums        | 76,961                | -                 | (8,453)            | 68,508              | -                                 |
| Unamortized Obligation Premiums  | 24,110                | 12,823            | (1,755)            | 35,178              | -                                 |
| Compensated Absences             | 6,259                 | 5,251             | (5,044)            | 6,466               | 816                               |
| Pension and OPEB Liability       | 138,622               | -                 | (263)              | 138,359             | 2,314                             |
| Business-Type Activities Total   | <u>\$1,633,879</u>    | <u>\$ 313,539</u> | <u>\$ (89,799)</u> | <u>\$ 1,857,619</u> | <u>\$ 68,048</u>                  |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$1,384,705 of internal service funds compensated absences are included in the above amounts.

For governmental activities, compensated absences are generally liquidated by the general fund.

**b. Bonds Payable**

On June 30, 2025, long-term bonds payable consisted of:

**Classified in Governmental Activities on the government-wide financial statements:**

**General Obligation Bonds**

|                                                                                                                                                                                                                                | <b>Bonds Outstanding<br/>(In Thousands)</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| \$27,290,000 2012 general obligation serial bonds due in annual installments ranging from \$840,000 to \$8,550,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2032.                        | \$ 14,875                                   |
| \$59,960,000 2013 general obligation serial bonds due in annual installments ranging from \$1,635,000 to \$12,675,000, plus semi-annual interest ranging from 1.5 percent to 4 percent through July 1, 2033.                   | 32,525                                      |
| \$37,550,000 2014 general obligation serial bonds due in annual installments ranging from \$1,050,000 to \$5,575,000, plus semi-annual interest ranging from 2 percent to 3.6 percent through July 1, 2034.                    | 18,800                                      |
| \$13,690,000 2015 general obligation serial bonds due in annual installments ranging from \$250,000 to \$6,700,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 1, 2035.                        | 4,315                                       |
| \$37,700,000 2016 general obligation serial bonds due in annual installments ranging from \$825,000 to \$2,775,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2036.                        | 23,100                                      |
| \$20,475,000 2016 general obligation refunding serial bonds due in annual installments ranging from \$60,000 to \$5,300,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2027.               | 10,485                                      |
| \$22,935,000 2016 taxable general obligation refunding serial bonds due in annual installments ranging from \$1,000,000 to \$3,565,000, plus semi-annual interest ranging from 0.85 percent to 3 percent through July 1, 2029. | 10,495                                      |
| \$47,180,000 2017 general obligation serial bonds due in annual installments ranging from \$1,500,000 to \$5,725,000, plus semi-annual interest ranging from 3 percent to 3.25 percent through July 1, 2037.                   | 29,630                                      |
| \$47,450,000 2017 general obligation refunding serial bonds due in annual installments ranging from \$50,000 to \$9,920,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2029.               | 27,025                                      |
| \$16,120,000 2018 general obligation serial bonds due in annual installments ranging from \$275,000 to \$8,795,000, plus semi-annual interest ranging from 3 percent to 4 percent through July 1, 2038.                        | 5,525                                       |

**City of Mesa, Arizona****Notes to Financial Statements**

For the Fiscal Year Ended June 30, 2025

\$33,065,000 2019 general obligation serial bonds due in annual installments ranging from \$640,000 to \$16,700,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2039. \$ 12,965

\$22,075,000 2020 general obligation serial and term bonds due in annual installments ranging from \$465,000 to \$11,330,000 plus semi-annual interest ranging from 1.875 percent to 3 percent through July 1, 2040. 8,825

\$23,390,000 2020 general obligation refunding serial bonds due in annual installments ranging from \$730,000 to \$12,480,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 1, 2030. 18,530

\$19,030,000 2021 general obligation serial and term bonds due in annual installments ranging from \$80,000 to \$17,080,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2041. 1,685

\$14,495,000 2021 general obligation refunding serial bonds due in annual installments ranging from \$665,000 to \$6,380,000, plus semi-annual interest ranging of 5 percent through July 1, 2031. 10,260

\$22,620,000 2022 general obligation serial bonds due in annual installments ranging from \$905,000 to \$12,665,000, plus semi-annual interest of 5 percent through July 1, 2032. 8,100

\$83,340,000 2023 general obligation serial bonds due in annual installments ranging from \$2,440,000 to \$9,235,000, plus semi-annual interest of 5 percent through July 1, 2032. 68,665

\$154,265,000 2025 general obligation serial bonds due in annual installments ranging from \$100,000 to \$14,895,000, plus semi-annual interest of 5 percent through July 1, 2045. 150,705

**Total General Obligation Bonds****\$ 456,510****Street and Highway User Revenue Bonds**

\$17,555,000 2015 street and highway user revenue refunding bonds, due in annual installments ranging from \$15,000 to \$9,880,000 plus semi-annual interest of 3 to 5 percent through July 1, 2027. \$ 7,660

**Community Facilities District**

|                                                                                                                                                                                                                                                                                                                     |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| \$2,712,000 2013 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 1 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$62,000 to \$180,000, plus semi-annual interest ranging from 2 percent to 5.25 percent through July 1, 2038.   | \$ 1,702 |
| \$3,367,000 2014 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 2 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$85,000 to \$215,000, plus semi-annual interest ranging from 2 percent to 5.375 percent through July 1, 2039.  | 2,197    |
| \$1,942,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$52,000 to \$135,000, plus semi-annual interest ranging from 2.3 percent to 5.2 percent through July 1, 2039.  | 1,392    |
| \$6,800,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$165,000 to \$680,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 15, 2039.                                      | 4,845    |
| \$970,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 4 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$15,000 to \$65,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 1, 2040.         | 618      |
| \$1,060,000 2016 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 5 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$30,000 to \$70,000, plus semi-annual interest ranging from 1.85 percent to 4.75 percent through July 1, 2040. | 765      |
| \$502,000 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 6 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$7,000 to \$35,000, plus semi-annual interest ranging from 3.5 percent to 5.25 percent through July 1, 2041.     | 378      |
| \$8,160,000 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$215,000 to \$510,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 15, 2042.                                      | 6,220    |
| \$1,326,500 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 7 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$36,500 to \$85,000, plus semi-annual interest ranging from 2 percent to 4.5 percent through July 1, 2042.     | 1,031    |

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

|                                                                                                                                                                                                                                                                                                                       |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| \$770,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 8 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$21,000 to \$49,000, plus semi-annual interest ranging from 2.5 percent to 4.5 percent through July 1, 2042.       | \$ 597 |
| \$368,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 9 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$8,000 to \$24,000, plus semi-annual interest ranging from 2.85 percent to 4.75 percent through July 1, 2042.      | 270    |
| \$10,830,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$240,000 to \$1,240,000, plus semi-annual interest ranging from 3.75 percent to 5.0 percent through July 15, 2043.                                | 7,995  |
| \$969,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 11 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$24,000 to \$65,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2043.    | 810    |
| \$287,000 2019 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 2 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$7,000 to \$20,000, plus semi-annual interest ranging from 3.25 percent to 4.50 percent through July 1, 2043.       | 214    |
| \$1,883,000 2019 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 10 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$48,000 to \$130,000, plus semi-annual interest ranging from 2.75 percent to 5.20 percent through July 1, 2043. | 1,562  |
| \$261,000 2019 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$5,000 to \$16,000, plus semi-annual interest ranging from 2.00 percent to 5.00 percent through July 15, 2043.                                              | 205    |
| \$2,012,000 2019 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 1 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$55,000 to \$130,000, plus semi-annual interest ranging from 2.25 percent to 4.50 percent through July 1, 2043.   | 1,639  |
| \$1,235,000 2019 Second Series, Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$35,000 to \$350,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2044.                           | 1,025  |

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

|                                                                                                                                                                                                                                                                                                                          |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| \$14,120,000 2019 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$285,000 to \$3,950,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2044.                                  | \$ 11,805 |
| \$707,000 2020 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) Assessment District "A" Special Assessment Revenue Bonds, due in annual principal installments ranging from \$20,000 to \$270,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 1, 2044.         | 596       |
| \$2,803,000 2020 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$78,000 to \$170,000, plus semi-annual interest ranging from 1.50 percent to 4.00 percent through July 1, 2045.      | 2,405     |
| \$5,935,000 2020 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$180,000 to \$1,410,000, plus semi-annual interest ranging from 2.00 percent to 3.00 percent through July 15, 2044.                                          | 4,965     |
| \$14,000,000 2020 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$425,000 to \$3,250,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 15, 2044.                                  | 11,550    |
| \$2,315,000 2020 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$65,000 to \$1,105,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 15, 2044.                                    | 1,975     |
| \$4,469,000 2021 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 12 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$134,000 to \$2,300,000, plus semi-annual interest ranging from 1.60 percent to 3.75 percent through July 1, 2045. | 3,922     |
| \$1,580,000 2021 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$10,000 to \$41,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2045.                                              | 1,290     |
| \$9,955,000 2021 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$10,000 to \$1,965,000, plus semi-annual interest of 4.00 percent through July 15, 2045.                                                              | 7,820     |
| \$3,520,000 2023 Eastmark Community Facilities District No.1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$850,000 to \$1,080,000, plus semi-annual interest ranging from 4.125 percent to 5.00 percent through July 15, 2045.                                   | 2,470     |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

\$3,480,000 2023 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$115,000 to \$1,305,000, plus semi-annual interest ranging from 4.25 percent to 5.00 percent through July 15, 2046. \$ 2,880

\$4,975,000 2023 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$385,000 to \$1,095,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 15, 2046. 4,240

**Total Community Facilities District Bonds** **\$ 89,383**

**Excise Tax Revenue Obligation**

\$36,010,000 2020 excise tax revenue serial obligations, due in annual principal installments ranging from \$645,000 to \$2,595,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2040. \$ 30,255

**Total bonds payable recorded in governmental activities** **\$ 583,808**

**Classified in Business-type Activities on the government-wide financial statements:**

**Utility Systems Revenue Bonds**

\$52,875,000 2008 utility systems revenue serial bonds, (partially refunded by 2016 and 2018 utility systems revenue refunding bonds), due in annual principal installments ranging from \$700,000 to \$44,675,000, plus semi-annual interest ranging from 4.875 percent to 5.25 percent through July 1, 2029. \$ 650

\$47,290,000 2013 utility systems revenue bonds, due in one principal installment plus semi-annual interest of 4.0 percent through July 1, 2037. 47,290

\$36,385,000 2014 utility systems revenue bonds, due in two principal installments of \$20,000,000 and \$16,385,000, plus semi-annual interest of 4.0 percent through July 1, 2038. 36,385

\$102,945,000 2014 utility systems revenue refunding serial bonds, (partially refunded by 2018 utility systems revenue refunding bonds) due in annual principal installments ranging from \$475,000 to \$31,345,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2030. 77,880

\$30,220,000 2015 utility systems revenue bonds, due in principal installments ranging from \$1,000,000 to \$2,375,000, plus semi-annual interest of 2 percent to 5 percent through July 1, 2039. 23,445

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

|                                                                                                                                                                                                                                       |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| \$90,500,000 2016 utility systems revenue serial bonds, due in annual principal installments ranging from \$1,000,000 to \$22,550,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2040.            | \$ 83,925         |
| \$138,035,000 2016 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$3,375,000 to \$44,890,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 1, 2032. | 134,660           |
| \$123,875,000 2017 utility systems revenue serial bonds, due in annual principal installments ranging from \$2,000,000 to \$18,900,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2041.           | 112,050           |
| \$75,435,000 2017 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$885,000 to \$26,565,000, plus semi-annual interest of 4 percent through July 1, 2028.                           | 43,620            |
| \$112,120,000 2018 utility systems revenue serial and term bonds, due in annual principal installments ranging from \$3,000,000 to \$12,825,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2042.  | 91,120            |
| \$93,825,000 2019A utility systems revenue serial and term bonds, due in annual principal installments ranging from \$850,000 to \$13,455,000, plus semi-annual interest of 5 percent through July 1, 2043.                           | 76,730            |
| \$54,225,000 2019B utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$200,000 to \$42,420,000, plus semi-annual interest 3 percent to 5 percent through July 1, 2033.                | 41,560            |
| \$79,335,000 2019C utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$2,950,000 to \$7,800,000 plus semi-annual interest of 5 percent through July 1, 2035.                          | 58,055            |
| \$71,070,000 2020 utility systems revenue serial bonds, due in annual principal installments ranging from \$1,000,000 to \$10,100,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2044.            | 60,480            |
| \$37,675,000 2020 utility systems revenue refunding serial bond due in a single principal installment of \$37,675,000 plus semi-annual interest of 4 percent through July 1, 2034.                                                    | 37,675            |
| \$34,685,000 2021 utility systems revenue serial and term bonds, due in annual principal installments ranging from \$1,000,000 to \$11,395,000 plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2045.    | 27,395            |
| \$44,870,000 2021 utility systems revenue refunding serial bond due in a single principal installment of \$44,870,000 plus semi-annual interest of 4 percent through July 1, 2035.                                                    | 44,870            |
| <b>Total Utility Systems Revenue Bonds</b>                                                                                                                                                                                            | <b>\$ 997,790</b> |

**Utility System Revenue Obligations**

|                                                                                                                                                                                                                                        |                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| \$14,015,000 2021 utility revenue serial and term obligations, due in annual principal installments ranging from \$1,000,000 to \$4,780,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 1, 2045. | \$ 11,015                         |
| \$16,075,000 2022 utility revenue serial and term obligations, due in annual principal installments ranging from \$2,660,000 to \$7,845,000, plus semi-annual interest of 5.00 percent through July 1, 2046.                           | 7,955                             |
| \$54,705,000 2022 taxable utility revenue serial obligations, due in annual principal installments ranging from \$2,630,000 to \$2,725,000, plus semi-annual interest ranging from 2.90 percent to 3.95 percent through July 1, 2028.  | 54,705                            |
| \$57,655,000 2022C taxable utility revenue refunding serial obligations, due in a single principal installment of \$57,655,000 plus semi-annual interest of 5 percent through July 1, 2036.                                            | 57,655                            |
| \$193,710,000 2023 utility revenue serial obligations, due in annual principal installment ranging from 2,500,000 to 21,300,000 plus semi-annual interest of 5 percent through July 1, 2048.                                           | 183,855                           |
| \$295,465,000 2025 utility revenue serial obligations, due in annual principal installment ranging from 3,100,000 to 25,000,000 plus semi-annual interest of 5 percent through July 1, 2049.                                           | <u>295,465</u>                    |
| <b>Total Utility Systems Revenue Obligations</b>                                                                                                                                                                                       | <b><u>\$ 610,650</u></b>          |
| <b>Total bonds payable recorded in business-type activities</b>                                                                                                                                                                        | <b><u><u>\$ 1,608,440</u></u></b> |

The following tables summarize the City's debt service requirements to maturity for its long-term bonds payable on June 30, 2025 (in thousands). The deferred amounts on refundings are not included.

**Governmental Activities**

| <b>General Obligation Bonds</b> |                   |                  |                   | <b>Highway User Revenue Bonds</b> |                  |                 |                 |
|---------------------------------|-------------------|------------------|-------------------|-----------------------------------|------------------|-----------------|-----------------|
| <b>Fiscal Year</b>              | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      | <b>Fiscal Year</b>                | <b>Principal</b> | <b>Interest</b> | <b>Total</b>    |
| 2026                            | \$ 28,775         | \$ 19,139        | \$ 47,914         | 2026                              | \$ 3,755         | \$ 344          | \$ 4,099        |
| 2027                            | 29,860            | 18,128           | 47,988            | 2027                              | 3,905            | 156             | 4,061           |
| 2028                            | 31,000            | 17,009           | 48,009            | 2028                              | -                | -               | -               |
| 2029                            | 32,135            | 15,854           | 47,989            | 2029                              | -                | -               | -               |
| 2030                            | 33,440            | 14,655           | 48,095            | 2030                              | -                | -               | -               |
| 2031-2035                       | 153,590           | 52,938           | 206,528           | 2031-2035                         | -                | -               | -               |
| 2036-2040                       | 103,400           | 24,684           | 128,084           | 2036-2040                         | -                | -               | -               |
| 2041-2045                       | 44,310            | 5,330            | 49,640            | 2041-2045                         | -                | -               | -               |
| <b>TOTALS</b>                   | <b>\$ 456,510</b> | <b>\$167,737</b> | <b>\$ 624,247</b> | <b>TOTALS</b>                     | <b>\$ 7,660</b>  | <b>\$ 500</b>   | <b>\$ 8,160</b> |

| <b>Excise Tax Revenue Obligations</b> |                  |                  |                  | <b>Community Facilities District</b> |                  |                 |                   |
|---------------------------------------|------------------|------------------|------------------|--------------------------------------|------------------|-----------------|-------------------|
| <b>Fiscal Year</b>                    | <b>Principal</b> | <b>Interest</b>  | <b>Total</b>     | <b>Fiscal Year</b>                   | <b>Principal</b> | <b>Interest</b> | <b>Total</b>      |
| 2026                                  | \$ 1,440         | \$ 1,255         | \$ 2,695         | 2026                                 | \$ 3,678         | \$ 3,524        | \$ 7,202          |
| 2027                                  | 1,515            | 1,183            | 2,698            | 2027                                 | 3,807            | 3,384           | 7,191             |
| 2028                                  | 1,590            | 1,107            | 2,697            | 2028                                 | 3,915            | 3,233           | 7,148             |
| 2029                                  | 1,670            | 1,028            | 2,698            | 2029                                 | 4,001            | 3,078           | 7,079             |
| 2030                                  | 1,750            | 944              | 2,694            | 2030                                 | 4,116            | 2,918           | 7,034             |
| 2031-2035                             | 10,105           | 3,380            | 13,485           | 2031-2035                            | 22,441           | 11,507          | 33,948            |
| 2036-2040                             | 12,185           | 1,297            | 13,482           | 2036-2040                            | 25,737           | 7,443           | 33,180            |
| 2041-2045                             | -                | -                | -                | 2041-2045                            | 21,113           | 2,418           | 23,531            |
| 2046-2050                             | -                | -                | -                | 2046-2050                            | 575              | 24              | 599               |
| <b>TOTALS</b>                         | <b>\$ 30,255</b> | <b>\$ 10,195</b> | <b>\$ 40,450</b> | <b>TOTALS</b>                        | <b>\$ 89,383</b> | <b>\$37,529</b> | <b>\$ 126,912</b> |

**Business-type Activities**

| <b>Revenue Bonds</b> |                   |                  |                    | <b>Utility Revenue Obligations</b> |                   |                  |                    |
|----------------------|-------------------|------------------|--------------------|------------------------------------|-------------------|------------------|--------------------|
| <b>Fiscal Year</b>   | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>       | <b>Fiscal Year</b>                 | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>       |
| 2026                 | \$ 52,185         | \$ 40,379        | \$ 92,564          | 2026                               | \$ 12,570         | \$31,394         | \$ 43,964          |
| 2027                 | 54,655            | 38,104           | 92,759             | 2027                               | 13,055            | 29,260           | 42,315             |
| 2028                 | 58,055            | 35,811           | 93,866             | 2028                               | 11,830            | 28,641           | 40,471             |
| 2029                 | 56,235            | 33,383           | 89,618             | 2029                               | 15,360            | 28,077           | 43,437             |
| 2030                 | 55,770            | 31,043           | 86,813             | 2030                               | 15,275            | 27,309           | 42,584             |
| 2031-2035            | 322,900           | 115,743          | 438,643            | 2031-2035                          | 79,435            | 125,450          | 204,885            |
| 2036-2040            | 270,510           | 60,944           | 331,454            | 2036-2040                          | 168,355           | 91,962           | 260,317            |
| 2041-2045            | 127,480           | 12,075           | 139,555            | 2041-2045                          | 189,905           | 53,999           | 243,904            |
| 2046-2050            | -                 | -                | -                  | 2046-2050                          | 104,865           | 10,293           | 115,158            |
| <b>TOTALS</b>        | <b>\$ 997,790</b> | <b>\$367,482</b> | <b>\$1,365,272</b> | <b>TOTALS</b>                      | <b>\$ 610,650</b> | <b>\$426,385</b> | <b>\$1,037,035</b> |

### **General Obligation Bonds**

The Arizona Constitution provides that the general obligation bonded indebtedness of a city for general municipal purposes may not exceed 6 percent of the secondary assessed valuation of the taxable property in that city. In addition to the 6 percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the secondary assessed valuation for supplying such city with water, artificial light or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreation facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities. General obligation bonds of community facilities districts are not subject to or included in this calculation.

The total debt margin available June 30, 2025, is (in thousands):

|                 |                     |
|-----------------|---------------------|
| 6% Bonds        | \$ 579,729          |
| 20% Bonds       | 1,540,939           |
| Total Available | <u>\$ 2,120,668</u> |

### **Community Facilities Districts Special Assessment and General Obligation Bonds**

Community Facilities District Special Assessment and General Obligation Bonds are issued by Community Facilities Districts (CFDs), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. The City has no liability for CFD bonds.

CFD general obligation bonds are repaid by ad valorem taxes levied directly by the districts and collected by the county. Property owners in the districts are assessed for district taxes and thus for all costs associated with the districts. As of June 30, 2025, total principal and interest outstanding for CFD general obligation bonds was \$97,790,063.

CFD special assessment bonds are collateralized by properties within established districts. In the event of default by the property owner, the CFD may enforce an auction sale to satisfy the debt service requirements of the assessment bonds. On June 30, 2025, the special assessments receivable for CFDs, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest. The total principal and interest remaining to be paid on the bonds is \$29,122,861. Principal and interest paid for the current year and total assessments collected were \$1,669,000, and \$1,737,000 respectively.

### **Utility System Revenue Bonds**

City revenue bond indenture ordinances require that the net amount of revenues of the electric, gas, water, wastewater and solid waste systems (total revenues less operations and maintenance expenses) equal 120 percent of the principal and interest requirement in each fiscal year. The above covenant and all other bond covenants have been met.

Pursuant to the provisions of the Bond Resolution of the City of Mesa Utility System Revenue and Refunding bonds, Replacement and Reserve Funds are required to be established, into which a sum equal to 2 percent of the gross revenues – as determined on a modified accrual basis – must be deposited until a sum equal to 2 percent of all tangible assets of the Utility System is accumulated. For the year ended June 30, 2025, the amount provided in the Replacement and Extension Funds equaled \$10,133,000 which is in compliance with the bond provisions. As of June 30, 2025, the amount available is \$46,850,000.

**c. Notes Payable**

**Business Type Activities**

The City entered into four separate loan agreements with the Water Infrastructure Finance Authority of Arizona. The purposes of the loans are to make improvements and upgrades to existing water and wastewater projects. The loans utilize funds from the United States Environmental Protection Agency pursuant to the Federal American Reinvestment and Recovery Act of 2009. Subject to the City meeting the required specifications of the loan documents, two of the loans include a combined interest and fee rate subsidy and the two remaining loans include a principal forgiveness portion. Total principal (without principal forgiveness) is \$3,486,902 and the loans have a 20-year repayment period. The total principal forgiveness is \$626,000. Total interest over the 20 years with principal forgiveness and the combined interest and fee rate subsidy is \$635,736.

The following table reflects the annual requirements to amortize all notes outstanding as of June 30, 2025(in thousands):

| Fiscal Year | Business-type Activities |                    |               |
|-------------|--------------------------|--------------------|---------------|
|             | Principal                | Interest<br>& Fees | Total         |
| 2026        | \$ 163                   | \$ 15              | \$ 178        |
| 2027        | 167                      | 11                 | 178           |
| 2028        | 170                      | 7                  | 177           |
| 2029        | 167                      | 4                  | 171           |
| Totals      | <u>\$ 667</u>            | <u>\$ 37</u>       | <u>\$ 704</u> |

**d. Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2025.

**e. Series 2012 Special Activity Revenue Bonds**

PMGAA issued \$19,220,000 in special facility Revenue Bonds on February 29, 2012. The City has entered into a memorandum of understanding (MOU) with PMGAA and Able Engineering and Component Services for the development, construction and lease of an aircraft maintenance repair and overhaul facility at Phoenix-Mesa Gateway Airport. In general, the MOU addresses PMGAA issuing Special Facility Revenue Bonds, constructing the facility and leasing the facility to the City. The City, in turn, will sublease the facility to Able Engineering. The City pledged a portion of its excise taxes as security for payment of the base rent. The pledge of such excise taxes will be a junior lien subordinate to certain outstanding senior obligations. The bonds are payable from the future revenues from the City through 2038. During that time frame, total principal and interest to be paid on the bonds will be \$35,216,300. The bonds are not considered the debt of the City.

**f. Pledged Revenue**

**Utility System Revenue Bonds**

The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately \$0.998 billion in utility system revenue bonds issued and outstanding since 2006. Proceeds from the bonds provided financing for the construction of various utility related projects including new gas pipelines and water and wastewater treatment plants. The bonds are payable solely from utility customer net revenues and are payable through 2045. Annual principal and interest payments on the bonds were 45.1% percent of net revenues. The total principal and interest remaining to be paid on the bonds is

\$1.365 billion. Principal and interest paid for the current year and total customer net revenues were \$108,264,000 and \$240,231,000, respectively.

#### **Highway User Revenue Bonds**

The City has pledged future Highway User Taxes Revenue to repay \$7,660,000 in highway user revenue bonds issued and outstanding since 2006. Proceeds from the bonds provided financing for streets projects. The bonds are payable solely from the state shared Highway User Tax revenues and are payable through 2027. Annual principal and interest payments on the bonds were 23.2% percent of eligible revenues. The total principal and interest remaining to be paid on the bonds is \$8,160,000. Principal and interest paid for the current year and total highway user tax revenues were \$11,666,000 and \$50,373,000, respectively.

#### **Excise Tax Revenue Obligations**

The City has pledged future Excise Tax Revenues to repay \$30,255,000 in excise tax revenue obligations issued and outstanding since 2020. Proceeds from the obligations provided financing for construction and installation of new higher education building. Annual principal and interest payments on the bonds were 0.005% of eligible revenues. The total principle and interest remaining to be paid on the bonds is \$40,450,000. Principle and interest paid for the current year and total excise tax revenues were \$2,698,900 and \$490,847,000, respectively.

### **10. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS**

#### **Liabilities to be Paid from Assets Held in Escrow**

Liabilities to be paid from assets held in escrow include bonded debt of the City that has been provided for through an Advanced Refunding Bond Issue or a Defeasance. Under an advanced refunding arrangement, refunding bonds are issued and the net proceeds, plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. Under a Defeasance City resources are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds.

In accordance with GASB Statement No. 7, the refunded debt outstanding on June 30, 2025, as reflected below is not included in the City's financial statements (in thousands).

|                                                                      |                         |
|----------------------------------------------------------------------|-------------------------|
| Utility System Revenue Bond Issue dated May 29, 2008                 | \$ 3,150                |
| Utility System Revenue Refunding Bond Issue dated September 25, 2014 | <u>14,050</u>           |
| Total Refunded and Defeased Bonds Outstanding                        | <u><u>\$ 17,200</u></u> |

### **11. SELF-INSURANCE INTERNAL SERVICE FUND**

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds have been established to account for the costs of claims incurred by the City under self-insurance programs. The City is fully self-insured for all public liability risks, up to a maximum of \$3,000,000 per occurrence, for the current policy year under the Property and Public Liability Insurance program. In addition, the City carries full property insurance with a \$50,000 per occurrence deductible. Under the Workers' Compensation Program, the City is subject to a maximum deductible of \$1,000,000 liability per

occurrence. In the Employee Benefits Fund, the City has excess insurance coverage when an individual's claims exceed \$225,000 per contract year. There were no changes in insurance coverage during this fiscal year for any of the three Self-Insurance Funds.

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds do not have stop loss receivables on June 30, 2025, and did not received any settlements in excess of insurance coverage over the past three fiscal years.

The various funds of the City include, as expenditures, amounts contributed to each of the self-insurance funds during the fiscal year. The estimated liability for claims outstanding is determined by a yearly actuarial study in the Property and Public Liability Fund and the Workers Compensation Fund. The claims liability in the Employee Benefits Fund is generated by a third-party claims processing company.

Changes in the balances of claims liabilities during the past two fiscal years are as follows (in thousands):

|                         | Property &<br>Public Liability | Workers'<br>Compensation | Employee<br>Benefits | Total            |
|-------------------------|--------------------------------|--------------------------|----------------------|------------------|
| Unpaid Claims, 6/30/23  | \$ 10,469                      | \$ 28,284                | \$ 4,465             | \$ 43,218        |
| Adjustments to Reserves | 2,464                          | (1,671)                  | 71,828               | 72,621           |
| Claim Expense           | (1,021)                        | 827                      | (70,522)             | (70,716)         |
| Unpaid Claims, 6/30/24  | 11,912                         | 27,440                   | 5,771                | 45,123           |
| Adjustments to Reserves | (246)                          | (2,248)                  | 72,687               | 70,193           |
| Claims Expense          | (1,032)                        | (2,512)                  | (71,828)             | (75,372)         |
| Unpaid Claims, 6/30/25  | <u>\$ 10,634</u>               | <u>\$ 22,680</u>         | <u>\$ 6,630</u>      | <u>\$ 39,944</u> |

All unpaid claims are reported as current liabilities in the Statement of Net Position as the change in these amounts has already been expensed in the statement of activities.

## **12. COMMITMENTS AND CONTINGENT LIABILITIES**

### **a. Pending Litigation**

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

### **b. Sick Leave Benefits**

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Fifty percent of unused benefits are payable only upon retirement of an employee. In accordance with the criteria, sick leave paid within 60 days of the year-end has been recorded as a liability in the governmental fund financial statements. Long-term liabilities of governmental funds are not shown on the fund financial statements. In the government-wide financial statements as well as the proprietary fund financial

statements, the amount of estimated sick leave payable to employees has been expensed and the liability is shown in the appropriate funds. These amounts have been calculated based on the vested method.

The total sick leave balance recorded as a liability on June 30, 2025, is \$25,168,730.

### **13. NET POSITION**

#### **a. Restricted Net Position**

The government-wide statement of net position reports \$512,919,000 of restricted net position, of which \$280,357,000 is restricted by enabling legislation.

#### **b. Designated Net Position**

The net position in the Employee Benefits Self Insurance Fund is designated for anticipated future losses and is a result of excess premiums charged to increase the fund balance specifically for this purpose.

#### **c. Deficit in Net Position and Fund Balance**

The deficit in the Worker's Compensation Self-Insurance Fund consists of the prior year's deficit resulting from claims expenses exceeding revenues received and from post-employment benefit charges and pension expenses. The City's funding plan calls for yearly contributions from various funds to equal the year's estimated claims and claim related expenses. Future claim liabilities, post-employment benefit charges, and pension expenses are not considered in determining funding for each year.

The deficit in the Warehouse, Maintenance, and Services Fund consists of the prior year's deficit resulting from other post-employment benefit charges and pension expenses. The City's funding plan calls for Charges for Services to cover operational expenses. Post-employment benefit charges and pension expenses are not considered in determining Charges for Services.

### **14. ENTERPRISE ACTIVITIES OPERATIONS DETAIL**

The Enterprise Fund includes operations of electricity, gas, water, wastewater, solid waste, airport and district cooling. Although the City's Enterprise Fund does not meet the requirements for disclosing segment information, the services provided by the City are of such significance as to warrant certain additional disclosures. Operating revenue, expenses and operating income (loss) for the year ended June 30, 2025, for these services are as follows (in thousands):

| Functions        | Operating<br>Revenues | Operating Expenses |                   | Operating<br>Income (Loss) |
|------------------|-----------------------|--------------------|-------------------|----------------------------|
|                  |                       | Depreciation       | Other             |                            |
| Electric         | \$ 51,377             | \$ 3,826           | \$ 37,881         | \$ 9,670                   |
| Gas              | 60,901                | 6,780              | 34,310            | 19,811                     |
| Water            | 205,684               | 32,806             | 89,666            | 83,212                     |
| Wastewater       | 110,266               | 17,363             | 54,610            | 38,293                     |
| Solid Waste      | 76,885                | 2,706              | 48,415            | 25,764                     |
| Airport          | 5,086                 | 1,795              | 4,896             | (1,605)                    |
| District Cooling | 1,501                 | 319                | 1,431             | (249)                      |
| Total            | <u>\$ 511,700</u>     | <u>\$ 65,595</u>   | <u>\$ 271,209</u> | <u>\$ 174,896</u>          |

## **15. JOINT VENTURES**

The City currently participates in five joint ventures. The Greenfield Water Reclamation Plant and TOPAZ Regional Wireless Cooperative are managed by the City of Mesa, while the Subregional Operating Group, the Val Vista Water Treatment Plant, and Valley Metro Rail, Inc. are managed externally.

The City's investment in these Joint Ventures as of June 30, 2025, is as follows (in thousands):

|                                      | Governmental<br>Activities | Business-Type<br>Activities | Total             |
|--------------------------------------|----------------------------|-----------------------------|-------------------|
| Valley Metro Rail Inc.               | \$ 272,615                 | \$ -                        | \$ 272,615        |
| TOPAZ Regional Wireless Cooperative  | 6,321                      | -                           | 6,321             |
| Subregional Operating Group          | -                          | 86,926                      | 86,926            |
| Val Vista Water Treatment Plant      | -                          | 52,535                      | 52,535            |
| Greenfield Water Reclamation Plant   | -                          | 136,540                     | 136,540           |
| Joint Ventures Construction Deposits | -                          | 7,119                       | 7,119             |
| Total Investment in Joint Ventures   | <u>\$ 278,936</u>          | <u>\$ 283,120</u>           | <u>\$ 562,056</u> |

### **Valley Metro Rail, Inc. "VMRI"**

The City currently participates in the Central Phoenix/East Valley Light Rail Transit (LRT) along with the cities of Phoenix, Tempe and Glendale. Valley Metro Rail, Inc. (VMRI) is the management agency that was incorporated to administer the joint agreement between the cities and has oversight responsibility for the planning, design, construction and operation of the system. The agreement provides voting rights for members of the representative cities, including passage of an annual budget. The City has ongoing financial responsibility as a result of the joint agreement including participation in the cost to construct and to operate the light rail project less any Federal reimbursements and operating fares. The City's equity in the joint venture is \$272,615,164 and is reflected in the governmental activities.

Separate financial statements can be obtained through Valley Metro Rail Inc. at 101 North First Avenue, Suite 1300, Phoenix, Arizona, 85003.

### **TOPAZ Regional Wireless Cooperative**

The City of Mesa currently participates with the City of Apache Junction, Superstition Fire and Medical, the Town of Gilbert, the Town of Queen Creek, Fort McDowell and Rio Verde Fire District (the Parties) in an intergovernmental agreement to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (TOPAZ). TOPAZ is a 700/800 MHz Network procured and built by the City of Mesa. The City acts as the lead agency and is responsible for the planning, budgeting, construction, operation and maintenance of the network. As lead agent, the City provides all management personnel and financing arrangements. The Parties participate in ownership of the network and are charged for operating and capital expenses based on six month rolling average of airtime. The City's equity in the joint venture is \$6,320,920 and is reflected in the governmental activities. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2025, is (in thousands):

| <b>TOPAZ Regional Wireless Cooperative</b> |    |              |
|--------------------------------------------|----|--------------|
| City of Mesa                               | \$ | 6,321        |
| Town of Gilbert                            |    | 1,565        |
| City of Apache Junction                    |    | 635          |
| Superstition Fire and Medical              |    | 177          |
| Town of Queen Creek                        |    | 284          |
| Fort McDowell                              |    | 71           |
| Rio Verde Fire District                    |    | 17           |
| Fountain Hills                             |    | 13           |
| Total Joint Venture                        | \$ | <u>9,083</u> |

### **Wastewater**

#### *Subregional Operating Group*

The City participates with the cities of Phoenix, Glendale, Scottsdale and Tempe in the Subregional Operating Group (SROG). SROG was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) in order to govern the construction, operation and maintenance of a multi-city sanitary sewer system (the "System"). The System includes the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor and related transportation facilities.

The City of Phoenix acts as the lead agency in SROG and is responsible for the planning, budgeting, construction, operation and maintenance of the plant in addition to providing all management personnel and financing arrangements. The various cities participate in ownership of the plant and are charged for operating expenses based on gallons of flow. The different agencies participate in each facility at varying rates depending on their needs at the time each facility was constructed. The City's equity in the joint venture is \$86,925,857 and is reflected in the proprietary funds financial statements.

SROG has no bonded debt outstanding. Separate financial statements for the activity under the joint venture agreement can be obtained through the AMWUA office at 3003 N. Central Avenue, Suite 1550, Phoenix, Arizona, 85012.

#### *Greenfield Water Reclamation Project*

The City of Mesa acts as the lead agency in a joint water reclamation plant with the Towns of Gilbert and Queen Creek and is responsible for the planning, budgeting, construction, operation, and maintenance of the plant. As lead agent, the city provides all management personnel and financing arrangements. Mesa, Gilbert, and Queen Creek participate in ownership of the plant and are charged for operating expenses based on gallons of flow. The City's equity in the joint venture is \$136,540,254 and is reflected in the proprietary funds financial statements. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2025, is (in thousands):

| <b>Greenfield Water Reclamation Project</b> |    |                |
|---------------------------------------------|----|----------------|
| Mesa's Share                                | \$ | 136,540        |
| Gilbert's Share                             |    | 89,334         |
| Queen Creek's Share                         |    | 27,045         |
| Total Joint Venture                         | \$ | <u>252,919</u> |

## **Water**

### *Val Vista Water Treatment Plant*

The City also participates with the City of Phoenix in the Val Vista Water Treatment Plant and Transmission Line. The City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the plant. As the lead agency, Phoenix provides all management personnel and financing arrangements. Phoenix and Mesa participate in ownership of the plant and are charged for operating expenses based on gallons of water treated. The City's investment in the joint venture is \$52,535,155 and is reflected in the proprietary funds financial statements.

The water treatment plant has no bonded debt outstanding. Separate financial statements for the activity can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division at 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

## **16. PENSIONS AND OTHER POST EMPLOYMENT BENEFITS**

All benefited employees of the City are covered by one of three pension systems. The Arizona State Retirement System (ASRS) is for the benefit of the employees of the state and certain other governmental jurisdictions. All benefited City employees, except sworn fire and police personnel and the Mayor and City Council Members, are included in the plan that is a multiple-employer cost-sharing defined benefit pension plan. All sworn fire and police personnel participate in the Public Safety Personnel Retirement System that is an agent plan. The Mayor and City Council Members contribute to the State's Elected Officials Retirement Plan that is also a multiple-employer cost-sharing pension plan. The Elected Officials Retirement Plan is not described below because of its relative insignificance to the financial statements.

In addition, eligible employees are covered by other postemployment benefit plans. All sworn fire and police personnel participate in the Public Safety Personnel Retirement System (PSPRS) that is an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. Eligible City employees also participate in the City's OPEB plan. Eligible City employees covered by Arizona State Retirement System also participate in the ASRS OPEB plan. The ASRS OPEB plan is not described below because of its relative insignificance to the financial statements.

On June 30, 2025, the City reported the following aggregate amounts related to pensions for all plans to which it contributes (in thousands):

| Statement of Net Position and Statement of<br>Activities | Governmental<br>Activities | Business-<br>Type<br>Activities | Total        |
|----------------------------------------------------------|----------------------------|---------------------------------|--------------|
| Net Pension Liabilities                                  | \$ 980,645                 | \$ 55,934                       | \$ 1,036,579 |
| Deferred Outflows of Resources - Pension                 | 246,892                    | 11,495                          | 258,387      |
| Deferred Inflows of Resources - Pension                  | 26,909                     | 3,579                           | 30,488       |
| Pension Expense                                          | 123,331                    | 6,480                           | 129,811      |
| Net OPEB Liabilities                                     | 892,680                    | 82,425                          | 975,105      |
| Deferred Outflows of Resources - OPEB                    | 61,517                     | 5,591                           | 67,108       |
| Deferred Inflows of Resources - OPEB                     | 121,868                    | 11,386                          | 133,254      |
| OPEB Expense                                             | 52,358                     | 4,775                           | 57,133       |

**Arizona State Retirement System Defined Benefit Plan:**

**a. Plan Description**

All of the City's eligible benefited general employees participate in the Arizona State Retirement System ("ASRS"), a multiple-employer, cost-sharing defined benefit pension plan. ASRS was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. ASRS is administered by the ASRS Governing Board in accordance with Title 38, Chapter 5 Articles 2 and 2.1 of the Arizona Revised Statutes ("A.R.S."). ASRS provides for retirement, disability, and death and survivor benefits. ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, P.O. Box 33910, Phoenix, Arizona, 85067-3910 or by calling 1-800-621-3778.

**b. Benefits Provided**

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

|                                                         | Retirement Initial Membership Date:                                                            |                                                                                                   |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                         | Before<br>July 1, 2011                                                                         | On or After<br>July 1, 2011                                                                       |
| Years of service and age<br>required to receive benefit | Sum of years and age<br>equals 80<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 | 30 years, age 55<br>25 years, age 60<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 |
| Final average salary is based on                        | Highest 36 consecutive<br>months of last 120 months                                            | Highest 60 consecutive<br>months of last 120<br>months                                            |
| Benefit percentage per<br>year of service               | 2.1% to 2.3 %                                                                                  | 2.1% to 2.3 %                                                                                     |

\* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions**

The A.R.S. provides statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the city and covered employees were required by state statute to contribute at the actuarially determined rate of 12.27% (12.12% pension plus 0.15% long-term disability) of the active members' annual covered payroll. The City's contributions to the System for the year ending June 30, 2025, was \$29,632,022, 75.35% paid from governmental funds, 4.33% paid from internal service funds, and 20.31% paid from enterprise funds.

Additionally, the City is required by Statute to pay an ASRS Alternate Contribution Rate (ACR) for retired members who return to work on or after July 1, 2012, in any capacity and in a position ordinarily filled by an employee of the City to mitigate the potential impact that retired members who return to work may have on the ASRS Trust Fund. The contribution rate for the year ended June 30, 2025, was 10.19 % (10.14% pension plus, 0.05% long-term disability). The City's ACR contributions to the System for the year ending June 30, 2025, were \$221,336.

**c. Pension Liability**

On June 30, 2025, the City reported a liability of \$275,385,905 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The City's proportion measured as of June 30, 2024, was 1.72100%, which was a increase of 0.10612% from its proportion measured as of June 30, 2023.

**d. Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2025, the City recognized pension expense for ASRS of \$31,903,303. On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resourced related to pensions from the following sources (in thousands):

|                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience               | \$ 15,372                            | \$ -                                |
| Changes of assumptions                                           | -                                    | -                                   |
| Net difference between projected and actual earnings             |                                      |                                     |
| on pension plan investments                                      | -                                    | 17,586                              |
| Changes in proportion and differences between City contributions | 11,367                               | 34                                  |
| City contributions subsequent to the measurement date            | 29,853                               | -                                   |
| Total                                                            | <u>\$ 56,592</u>                     | <u>\$ 17,620</u>                    |

The \$29,853,358 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows (in thousands):

|      | Year Ended June 30, |
|------|---------------------|
| 2026 | \$ (2,058)          |
| 2027 | 18,855              |
| 2028 | (4,452)             |
| 2029 | (3,226)             |
|      | <u>\$ 9,119</u>     |

**e. Actuarial Assumptions**

The significant actuarial assumptions used to measure the total pension liability are as follows:

|                             |                     |
|-----------------------------|---------------------|
| Actuarial Valuation Date    | June 30, 2023       |
| Actuarial Roll Forward Date | June 30, 2024       |
| Actuarial Cost Method       | Entry Age Normal    |
| Investment Rate of Return   | 7.0%                |
| Projected Salary Increases  | 2.9 - 8.4%          |
| Inflation                   | 2.3%                |
| Permanent Benefit Increase  | Included            |
| Mortality Rates             | 2017 SRA Scale U-MP |

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class             | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-------------------------|-------------------|--------------------------------------------------|
| Public Equity           | 44%               | 4.48 %                                           |
| Credit                  | 23%               | 4.40 %                                           |
| Real Estate             | 17%               | 6.05 %                                           |
| Private Equity          | 10%               | 6.11 %                                           |
| Interest Rate Sensitive | 6%                | (0.45)%                                          |
| Total                   | <u>100%</u>       |                                                  |

f. **Discount Rate**

At June 30, 2024, the discount rate used to measure the ASRS total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. **Sensitivity of the City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate**

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 %, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0 %) than the current rate (in thousands):

|                                                         | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|---------------------------------------------------------|-------------|--------------------------|-------------|
|                                                         | 6.0%        | 7.0%                     | 8.0%        |
| City's proportionate share of the net pension liability | \$ 421,672  | \$ 275,386               | \$ 153,469  |

h. **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

**Public Safety Personnel Retirement System:**

a. **Plan Description**

All sworn fire and police personnel regularly assigned hazardous duty are eligible to participate in the Public Safety Personnel Retirement System ("PSPRS"). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. The PSPRS is jointly administered by a nine-member board known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**b. Benefits Provided**

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

|                                                      | Initial Membership Date                                                                                                                                                                                  |                                                                  |                                                                              |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------|
|                                                      | Before January 1, 2012                                                                                                                                                                                   | On or after January 1, 2012<br>and before July 1, 2017           | On or After July 1, 2017                                                     |
| <u>Retirement and Disability</u>                     |                                                                                                                                                                                                          |                                                                  |                                                                              |
| Years of service and age required to receive benefit | 20 years of service, any age<br>15 years of service, age 62                                                                                                                                              | 25 years of service or 15 years of credited service, age 52.5    | 15 years of credited service, age 52.5*; 15 or more years of service, age 55 |
| Final average salary is based on                     | Highest 36 consecutive months of last 20 years                                                                                                                                                           | Highest 60 consecutive months of last 20 years                   | Highest 60 consecutive months of last 15 years                               |
| Benefit percentage                                   |                                                                                                                                                                                                          |                                                                  |                                                                              |
| Normal Retirement                                    | 50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%                                               | 1.5% to 2.5% for each year of credited service not to exceed 80% |                                                                              |
| Accidental Disability Retirement                     | 50% or normal retirement, whichever is greater                                                                                                                                                           |                                                                  |                                                                              |
| Catastrophic Disability Retirement                   | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater                                                                                                      |                                                                  |                                                                              |
| Ordinary Disability Retirement                       | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 |                                                                  |                                                                              |
| <u>Survivor Benefit</u>                              |                                                                                                                                                                                                          |                                                                  |                                                                              |
| Retired Members                                      | 80% to 100% of retired member's pension benefit                                                                                                                                                          |                                                                  |                                                                              |
| Active Members                                       | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job                                                  |                                                                  |                                                                              |

\* With actuarially reduced benefits

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

The PSPRS-Fire OPEB plan is not presented because of its relative insignificance to the financial statements.

**Employees Covered by Benefit Terms**

On June 30, 2025, the following employees were covered by the agent plans' benefit terms:

|                                                                  | PSPRS Fire | PSPRS Police |        |
|------------------------------------------------------------------|------------|--------------|--------|
|                                                                  | Pension    | Pension      | Health |
| Inactive employees or beneficiaries currently receiving benefits | 330        | 764          | 764    |
| Inactive employees entitled to but not yet receiving benefits    | 91         | 292          | 117    |
| Active employees                                                 | 435        | 731          | 731    |
| Total                                                            | 856        | 1,787        | 1,612  |

**c. Contributions and Annual OPEB Cost**

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

|                       | Active Member<br>Pension | City<br>Pension | City<br>OPEB |
|-----------------------|--------------------------|-----------------|--------------|
| PSPRS - Fire          | 7.65%                    | 60.49%          | 0.58%        |
| PSPRS - Police        | 7.65%                    | 61.22%          | 1.50%        |
| PSPRS Tier 3 - Fire   | 9.66%                    | 9.53%           | 0.13%        |
| PSPRS Tier 3 - Police | 8.67%                    | 8.58%           | 0.09%        |

Also, statute required the City to contribute a legacy cost of pension unfunded liability at the actuarially determined rate expressed as a percent of annual covered payroll of 43.87% and 47.28% for City fire and police employees respectively, who were PSPRS Tier 3 members.

The City's required contributions to the plans for the year ended June 30, 2025, were:

|                       | Pension       | OPEB       |
|-----------------------|---------------|------------|
| PSPRS - Fire          | \$ 18,446,029 | \$ 176,867 |
| PSPRS - Police        | 29,877,822    | 732,060    |
| PSPRS Tier 3 - Fire   | 8,613,987     | 59,685     |
| PSPRS Tier 3 - Police | 18,862,370    | 415,337    |

The City contributed to the unfunded liability additional amounts of \$4,206,978 and \$12,116,780 to PSPRS-Fire and PSPRS-Police, respectively. The City's contribution to the system was paid for by the general fund.

The City is also required to pay a PSPRS Alternate Contribution Rate (ACR) for retired members who return to work in any capacity and in a position ordinarily filled by an employee of the City, unless the retired member is required to participate in another state retirement system and the retired member returned to work before July 20, 2011. The ACR rate is equal to the portion of the total required

**City of Mesa, Arizona**

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

contribution that is applied to the amortization of the unfunded actuarial accrued liability for the fiscal year beginning July 1, based on the actuarial calculation of the total required contribution for the preceding fiscal year ended on June 30. The contribution rate for the year ended June 30, 2025, was 43.87% and 47.28% for fire and police, respectively. The City did not have any ACR contributions for the year ending June 30, 2025.

**d. Liability**

On June 30, 2025, the City reported the following pension liabilities of \$263,264,432 and \$497,926,145 for fire and police, respectively. The City also reported an OPEB liability of \$11,072,878 for police. The net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2024, reflect changes of actuarial assumptions from the prior year.

**e. Pension/OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2025, the City recognized pension expenses of \$34,283,881 and \$63,624,098 for fire and police, respectively. The City also recognized OPEB expense of \$1,288,446 for police.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources (in thousands):

| <b>PSPRS - Fire Pension</b>                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ 37,900                            | \$ 63                               |
| Changes in assumptions                                                           | 5,044                                | -                                   |
| Net difference between projected and actual earnings on pension plan investments | -                                    | 4,413                               |
| City contributions subsequent to the measurement date                            | 31,267                               | -                                   |
| <b>Total</b>                                                                     | <b>\$ 74,211</b>                     | <b>\$ 4,476</b>                     |

|                                                                          | Pension                              |                                     | OPEB                                 |                                     |
|--------------------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|                                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| <b>PSPRS - Police</b>                                                    |                                      |                                     |                                      |                                     |
| Differences between expected and actual experience                       | \$ 61,482                            | \$ -                                | \$ 408                               | \$ -                                |
| Changes in assumptions                                                   | 5,244                                | -                                   | 156                                  | -                                   |
| Net difference between projected and actual earnings on plan investments | -                                    | 8,391                               | -                                    | 84                                  |
| City contributions subsequent to the measurement date                    | 60,857                               | -                                   | 1,147                                | -                                   |
| <b>Total</b>                                                             | <b>\$ 127,583</b>                    | <b>\$ 8,391</b>                     | <b>\$ 1,711</b>                      | <b>\$ 84</b>                        |

**City of Mesa, Arizona**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2025

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

| Year Ended<br>June 30, | PSPRS Fire<br>Pension | PSPRS<br>Police<br>Pension | PSPRS<br>Police<br>OPEB |
|------------------------|-----------------------|----------------------------|-------------------------|
| 2026                   | \$ 6,094              | \$ 10,870                  | \$ 38                   |
| 2027                   | 11,581                | 22,683                     | 350                     |
| 2028                   | 5,631                 | 11,580                     | 73                      |
| 2029                   | 4,826                 | 7,370                      | (13)                    |
| 2030                   | 4,014                 | 5,832                      | 16                      |
| Thereafter             | 6,322                 | -                          | 16                      |
|                        | <u>\$ 38,468</u>      | <u>\$ 58,335</u>           | <u>\$ 480</u>           |

**f. Actuarial Methods and Assumptions**

The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

**Actuarial Assumptions:**

|                                      |                            |
|--------------------------------------|----------------------------|
| Measurement Date                     | June 30, 2024              |
| Actuarial Valuation Date             | June 30, 2024              |
| Actuarial Cost Method                | Entry Age Normal           |
| Investment Rate of Return            | 7.20%                      |
| Wage Inflation                       | 3.25 - 15.0%, N/A for OPEB |
| Price Inflation                      | 2.5%, N/A for OPEB         |
| Cost-of-living adjustment            | 1.85%, N/A for OPEB        |
| Mortality Rates for Pension and OPEB | PubS-2010 tables           |
| Healthcare cost trend rate           | Not applicable             |

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class                 | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-----------------------------|-------------------|--------------------------------------------------|
| U.S. Public Equity          | 24%               | 3.62%                                            |
| International Public Equity | 16%               | 4.47%                                            |
| Global Private Equity       | 27%               | 7.05%                                            |
| Core Bonds                  | 6%                | 2.44%                                            |
| Private Credit              | 20%               | 6.24%                                            |
| Diversifying Strategies     | 5%                | 3.15%                                            |
| Cash - Mellon               | 2%                | 0.89%                                            |
| Total                       | 100%              |                                                  |

**g. Discount Rate**

A discount rate of 7.20% for Tier 1 and Tier 2 members was used to measure the total pension/OPEB liability. A discount rate of 7.00% for Tier 3 members was used to measure the total Pension/OPEB Liability. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**h. Sensitivity of the City's Net Pension/OPEB Liability to Changes in the Discount Rate**

The following table presents the City's net pension/ OPEB liabilities calculated using the discount rates noted above, as well as what the City's net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate (in thousands):

|                              | 1% Decrease | Current Discount Rate | 1% Increase |
|------------------------------|-------------|-----------------------|-------------|
| Fire Net Pension Liability   | \$ 339,334  | \$ 263,264            | \$ 200,837  |
| Police Net Pension Liability | 645,608     | 497,926               | 377,782     |
| Police OPEB Liability        | 13,411      | 11,073                | 9,099       |

**Changes in the Net Pension/OPEB Liability**

The following tables present changes in the City's net pension/OPEB liability for the PSPRS – Fire and Police plans as follows (in thousands):

| <b>Fire</b>                                                                                | <b>Total<br/>Pension<br/>Liability</b> | <b>Plan<br/>Fiduciary<br/>Net<br/>Position</b> | <b>Net<br/>Pension<br/>Liability</b> |
|--------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------|--------------------------------------|
| Balance - Beginning of Year                                                                | \$ 540,182                             | \$ 278,421                                     | \$ 261,761                           |
| Changes for the Year:                                                                      |                                        |                                                |                                      |
| Service Cost                                                                               | 10,101                                 | -                                              | 10,101                               |
| Interest on the Total Liability                                                            | 38,618                                 | -                                              | 38,618                               |
| Differences Between Expected &<br>Actual Experience in the<br>Measurement of the Liability | 18,462                                 | -                                              | 18,462                               |
| Contributions - Employer                                                                   | -                                      | 32,664                                         | (32,664)                             |
| Contributions - Employee                                                                   | -                                      | 3,990                                          | (3,990)                              |
| Net Investment Income                                                                      | -                                      | 29,201                                         | (29,201)                             |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (27,833)                               | (27,833)                                       | -                                    |
| Administrative Expenses                                                                    | -                                      | (177)                                          | 177                                  |
| Net Changes                                                                                | 39,348                                 | 37,845                                         | 1,503                                |
| Balances - End of Year                                                                     | <u>\$ 579,530</u>                      | <u>\$ 316,266</u>                              | <u>\$ 263,264</u>                    |

| <b>Police</b>                                                                              | <b>Total<br/>Pension<br/>Liability</b> | <b>Plan<br/>Fiduciary<br/>Net<br/>Position</b> | <b>Net<br/>Pension<br/>Liability</b> | <b>Total<br/>OPEB<br/>Liability</b> | <b>Plan<br/>Fiduciary<br/>Net<br/>Position</b> | <b>Net<br/>OPEB<br/>Liability</b> |
|--------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------|--------------------------------------|-------------------------------------|------------------------------------------------|-----------------------------------|
| Balance - Beginning of Year                                                                | \$ 1,010,327                           | \$511,948                                      | \$498,379                            | \$ 22,671                           | \$ 11,171                                      | \$ 11,501                         |
| Changes for the Year:                                                                      |                                        |                                                |                                      |                                     |                                                |                                   |
| Service Cost                                                                               | 15,642                                 | -                                              | 15,642                               | 237                                 | -                                              | 237                               |
| Interest on the Total Liability                                                            | 71,984                                 | -                                              | 71,984                               | 1,589                               | -                                              | 1,589                             |
| Differences Between Expected &<br>Actual Experience in the<br>Measurement of the Liability | 34,992                                 | -                                              | 34,992                               | 115                                 | -                                              | 115                               |
| Contributions - Employer                                                                   | -                                      | 62,164                                         | (62,164)                             | -                                   | 1,311                                          | (1,311)                           |
| Contributions - Employee                                                                   | -                                      | 7,300                                          | (7,300)                              | -                                   | -                                              | -                                 |
| Net Investment Income                                                                      | -                                      | 53,977                                         | (53,977)                             | -                                   | 1,064                                          | (1,064)                           |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (52,375)                               | (52,375)                                       | -                                    | (1,690)                             | (1,690)                                        | -                                 |
| Administrative Expenses                                                                    | -                                      | (370)                                          | 370                                  | -                                   | (7)                                            | -                                 |
| Net Changes                                                                                | 70,243                                 | 70,696                                         | (453)                                | 251                                 | 678                                            | (427)                             |
| Balances - End of Year                                                                     | <u>\$ 1,080,570</u>                    | <u>\$582,644</u>                               | <u>\$497,926</u>                     | <u>\$ 22,922</u>                    | <u>\$ 11,849</u>                               | <u>\$ 11,074</u>                  |

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, note that trend rates are not applied in the valuation due to the nature of the benefits provided.

i. **Plan Fiduciary Net Position**

Detailed information about the pension/OPEB plan's fiduciary net position is available in the separately issued PSPRS financial report.

**City of Mesa OPEB:**

a. **Plan Description**

The City provides post-employment medical care benefits (OPEB) for retired employees through a single employer defined benefit medical plan. The plan provides these benefits for eligible retirees, their spouses and dependents through the City's self-insurance health insurance plan which covers both active and retired members. The benefits, benefit levels and contribution rates are determined annually by the City's Benefits Advisory Board and approved by the Mesa City Council. The plan is not accounted for as a trust fund, and an irrevocable trust has not been established to account for the plan.

b. **Benefits Provided**

The City provides post-employment medical care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the state retirement plans for public employees and be covered under the City's medical plan during their active status. Employees must enroll in a City plan immediately after they retire or their eligibility for this benefit ceases. All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Upon a retiree's death, the retiree's dependents are no longer eligible for City coverage.

To receive maximum benefits an employee must meet the following:

- Ten years of service for employees hired prior to January 1, 2001
- Fifteen years of service for employees hired on January 1, 2001 but before January 1, 2006.
- Twenty years of service for employees hired on or after January 1, 2006.

**Employees Covered by Benefit Terms**

As of June 30, 2023 (date of most recent valuation), membership consisted of:

|                  |              |
|------------------|--------------|
| Active Employees | 3,707        |
| Retirees         | 2,139        |
| Spouses          | 1,517        |
| Others           | 414          |
| Total            | <u>7,777</u> |

c. **OPEB Liability**

The plan operates on a pay-as-you-go basis and thus has no assets. The total OPEB liability measured as of June 30, 2025, is \$964,030,800.

**d. OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2025, the City recognized OPEB expense of \$55,843,809. On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

|                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience       | \$ 26,584                            | \$ 3,319                            |
| Changes of assumptions                                   | 11,748                               | 129,851                             |
| City benefit payments subsequent to the measurement date | 27,065                               | -                                   |
| Total                                                    | <u>\$ 65,397</u>                     | <u>\$ 133,170</u>                   |

The amounts reported as deferred outflows of resources resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

|      | <u>Year Ended June 30,</u> |
|------|----------------------------|
| 2026 | \$ (31,709)                |
| 2027 | (33,885)                   |
| 2028 | (33,560)                   |
| 2029 | 2,635                      |
| 2030 | 1,528                      |
| 2031 | 153                        |
|      | <u>\$ (94,838)</u>         |

**e. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for this fiscal year valuation were as follows:

**Actuarial Assumptions:**

|                              |                                                                                               |
|------------------------------|-----------------------------------------------------------------------------------------------|
| Actuarial Valuation Date     | June 30, 2023                                                                                 |
| Measurement Date             | June 30, 2024                                                                                 |
| Actuarial Cost Method        | Entry Age Normal                                                                              |
| Discount Rate                | 4.21%                                                                                         |
| Consumer Price Index         | 3.00%                                                                                         |
| Projected Salary Increases   | 2.90 - 15.0%                                                                                  |
| Mortality Rates              | Based on the rates used for the June 30, 2024 valuations of the ASRS Plan and the PSPRS Plan. |
| Health care cost trend rate: |                                                                                               |
| Medical, Drugs               | 4.50-8.00%                                                                                    |
| Dental, Vision               | 4.50%                                                                                         |

Actuarial assumptions used in the June 30, 2023 valuation were projected on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.

**Future Salary Increase**

Consistent with the June 30, 2024, valuations of the Arizona State Retirement System (ASRS) Plan and the Arizona Public Safety Personnel Retirement System (PSPRS) Plan. The ASRS salary increase assumption has been updated since the prior valuation based on the 2024 ASRS experience study. Salary increases assumptions range from 2.9% to 15.0%, based on years of service and the applicable plan.

**Aging Factors**

The age morbidity curve was developed by Dale Yamamoto for the Society of Actuaries. This curve is used to measure the annual increases in per capita claim costs for each age as well as relative cost by gender, adjusting the male age 65 per capita claims cost. The factors range from 0.4612 to 1.6944, based on age and gender.

**Cost, Contribution and Premium Trend Rates**

Medical and prescription drug costs and administrative costs are assumed to increase according to the rates below. This assumption is consistent with the prior valuation. The initial medical trend rate was developed using the National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and PBMs. These trends are broken out by drug and medical, as well as type of coverage (e.g., PPO, HMO, POS). The healthcare cost trend range is 4.5% to 8.0%.

**f. Discount Rate**

The discount rate at the measurement date is 4.21%. The discount rate increased from 4.13% as of June 30, 2023, to 4.21% as of June 30, 2024. Benefit payments are funded on a pay-as-you-go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2024.

**g. Changes in OPEB Liability**

The below table outlines the changes in OPEB Liability for the fiscal year ending June 30, 2025 (in thousands):

|                                                    |                   |
|----------------------------------------------------|-------------------|
| OPEB Liability at Beginning of Year                | \$ 914,548        |
| Service Cost                                       | 31,496            |
| Interest                                           | 38,479            |
| Differences between Expected and Actual Experience | (2,539)           |
| Changes in Assumptions                             | 11,038            |
| Employer contributions *                           | (28,991)          |
| Net Change in Total OPEB Liability                 | 49,483            |
| OPEB Liability at End of Year                      | <u>\$ 964,031</u> |

\* Because the City funds OPEB benefits on a “pay-as-you-go” basis, employer contributions are equal to benefit payments.

The City’s benefit payments to the plan were paid 88.55% from governmental funds, 2.9% from internal service funds, and 8.55% from enterprise funds.h. **Sensitivity of the City’s OPEB Liability to Changes in the Discount Rate and the Healthcare Cost Trend Rates**

The following table presents the City’s net OPEB liabilities calculated using the municipal bond rates and healthcare cost trend rates noted above, as well as what the City’s net OPEB liability would be if it were calculated using rate that is 1 percentage point lower or 1 percentage point higher than the current rate (in thousands):

|                | <u>1% Decrease</u> | <u>Current Municipal<br/>Bond Rate</u> | <u>1% Increase</u> |
|----------------|--------------------|----------------------------------------|--------------------|
| City OPEB Plan | \$ 1,117,722       | \$ 964,031                             | \$ 840,444         |

|                | <u>1% Decrease</u> | <u>Current Healthcare<br/>Trend Rate</u> | <u>1% Increase</u> |
|----------------|--------------------|------------------------------------------|--------------------|
| City OPEB Plan | \$ 830,617         | \$ 964,031                               | \$ 1,133,594       |



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CITY OF MESA, AZ

# REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025





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**City of Mesa, Arizona**

## Schedule of the City's Proportionate Share of Net Pension Liability

## Cost-Sharing Pension Plan

June 30, 2025

(in thousands)

**Arizona State Retirement System**

|                                                                                               | Reporting Fiscal Year<br>(Measurement Date) |             |             |             |
|-----------------------------------------------------------------------------------------------|---------------------------------------------|-------------|-------------|-------------|
|                                                                                               | <b>2025</b>                                 | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|                                                                                               | (2024)                                      | (2023)      | (2022)      | (2021)      |
| City's Proportion of Net Pension Liability                                                    | 1.7210%                                     | 1.6149%     | 1.6156%     | 1.5857%     |
| City's Proportionate Share of Net Pension Liability                                           | \$ 275,386                                  | \$ 261,311  | \$ 263,694  | \$ 208,353  |
| City's Covered Payroll                                                                        | \$ 241,163                                  | \$ 211,155  | \$ 192,542  | \$ 178,405  |
| City's Proportionate Share of Net Pension Liability<br>as a Percentage of its Covered Payroll | 114.19%                                     | 123.75%     | 136.95%     | 116.79%     |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                 | 76.93%                                      | 75.47%      | 74.26%      | 78.58%      |

See accompanying notes to pension plan schedules.

| Reporting Fiscal Year<br>(Measurement Date) |                       |                       |                       |                       |                       |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>2021</b><br>(2020)                       | <b>2020</b><br>(2019) | <b>2019</b><br>(2018) | <b>2018</b><br>(2017) | <b>2017</b><br>(2016) | <b>2016</b><br>(2015) |
| 1.6188%                                     | 1.6209%               | 1.6293%               | 1.6416%               | 1.6605%               | 1.6393%               |
| \$ 280,473                                  | \$ 235,853            | \$ 227,233            | \$ 255,729            | \$ 268,013            | \$ 255,337            |
| \$ 175,767                                  | \$ 168,900            | \$ 162,089            | \$ 158,958            | \$ 155,868            | \$ 151,154            |
| 159.57%                                     | 139.64%               | 140.19%               | 160.88%               | 171.95%               | 168.93%               |
| 69.33%                                      | 73.24%                | 73.40%                | 69.92%                | 67.06%                | 68.35%                |

**City of Mesa, Arizona****Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios**

Agent Plans

June 30, 2025

(in thousands)

**Personal Safety Personnel Retirement System - Fire**

|                                                                                            | Reporting Fiscal Year<br>(Measurement Date) |                       |                       |                       |
|--------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                                                                            | <b>2025</b><br>(2024)                       | <b>2024</b><br>(2023) | <b>2023</b><br>(2022) | <b>2022</b><br>(2021) |
| Total Pension Liability                                                                    |                                             |                       |                       |                       |
| Service Cost                                                                               | \$ 10,101                                   | \$ 9,175              | \$ 8,079              | \$ 7,645              |
| Interest on the Total Pension Liability                                                    | 38,618                                      | 36,294                | 34,277                | 32,539                |
| Changes of Benefit Terms                                                                   | -                                           | -                     | -                     | -                     |
| Diff Between Expected and Actual Experience<br>in the Measurement of the Pension Liability | 18,462                                      | 13,651                | 11,356                | 7,760                 |
| Changes of Assumptions or Other Inputs                                                     | -                                           | -                     | 6,706                 | -                     |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (27,833)                                    | (27,696)              | (26,268)              | (22,868)              |
| Net Change in Total Pension Liability                                                      | 39,348                                      | 31,423                | 34,150                | 25,076                |
| Total Pension Liability - Beginning                                                        | 540,182                                     | 508,759               | 474,607               | 449,531               |
| Total Pension Liability - Ending (a)                                                       | 579,530                                     | 540,182               | 508,757               | 474,607               |
| Plan Fiduciary Net Position                                                                |                                             |                       |                       |                       |
| Contributions - Employer                                                                   | 32,664                                      | 26,733                | 28,025                | 21,601                |
| Contributions - Employee                                                                   | 3,990                                       | 3,776                 | 3,507                 | 3,321                 |
| Net Investment Income                                                                      | 29,201                                      | 20,023                | (10,644)              | 56,815                |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (27,833)                                    | (27,696)              | (26,268)              | (22,868)              |
| Hall/Parker Settlement                                                                     | -                                           | -                     | -                     | -                     |
| Administrative Expense                                                                     | (177)                                       | (136)                 | (192)                 | (266)                 |
| Other Changes                                                                              | -                                           | -                     | -                     | -                     |
| Net Change in Plan Fiduciary Net Position                                                  | 37,845                                      | 22,699                | (5,572)               | 58,603                |
| Plan Fiduciary Net Position - As Previously Reported                                       | 278,421                                     | 255,722               | 261,293               | 202,690               |
| Adjustment to Beginning Balance                                                            | -                                           | -                     | -                     | -                     |
| Plan Fiduciary Net Position - Beginning                                                    | 278,421                                     | 255,722               | 261,293               | 202,690               |
| Plan Fiduciary Net Position - Ending (b)                                                   | 316,266                                     | 278,421               | 255,721               | 261,293               |
| City's Net Pension Liability - Ending (a) - (b)                                            | <u>\$ 263,264</u>                           | <u>\$ 261,761</u>     | <u>\$ 253,036</u>     | <u>\$ 213,314</u>     |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability              | 54.57%                                      | 51.54%                | 50.26%                | 55.05%                |
| City's Covered Payroll                                                                     | \$ 48,048                                   | \$ 39,896             | \$ 36,776             | \$ 34,198             |
| City's Net Pension Liability as a Percentage<br>of its Covered Payroll                     | 547.91%                                     | 656.11%               | 688.05%               | 623.76%               |

See accompanying notes to pension plan schedules

| Reporting Fiscal Year<br>(Measurement Date) |                       |                       |                       |                       |                       |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>2021</b><br>(2020)                       | <b>2020</b><br>(2019) | <b>2019</b><br>(2018) | <b>2018</b><br>(2017) | <b>2017</b><br>(2016) | <b>2016</b><br>(2015) |
| \$ 7,871                                    | \$ 7,663              | \$ 7,271              | \$ 7,724              | \$ 6,439              | \$ 6,127              |
| 31,397                                      | 29,147                | 27,446                | 25,687                | 23,654                | 23,086                |
| -                                           | -                     | -                     | 2,125                 | 21,380                | -                     |
| (221)                                       | 11,844                | 1,951                 | (2,670)               | (4,423)               | (3,518)               |
| -                                           | 8,488                 | -                     | 12,613                | 11,970                | -                     |
| (23,473)                                    | (18,809)              | (16,608)              | (17,095)              | (19,893)              | (17,323)              |
| 15,574                                      | 38,333                | 20,060                | 28,384                | 39,127                | 8,372                 |
| 433,957                                     | 395,624               | 375,564               | 347,180               | 308,053               | 299,681               |
| 449,531                                     | 433,957               | 395,624               | 375,564               | 347,180               | 308,053               |
| 18,107                                      | 16,708                | 16,733                | 13,558                | 12,735                | 9,828                 |
| 2,845                                       | 2,805                 | 3,035                 | 3,923                 | 4,396                 | 3,847                 |
| 2,587                                       | 10,339                | 12,464                | 19,308                | 954                   | 5,878                 |
| (23,473)                                    | (18,809)              | (16,608)              | (17,095)              | (19,893)              | (17,323)              |
| -                                           | -                     | (5,150)               | -                     | -                     | -                     |
| (211)                                       | (181)                 | (190)                 | (174)                 | (138)                 | (144)                 |
| 58                                          | -                     | 2                     | 43                    | (12)                  | 45                    |
| (87)                                        | 10,862                | 10,286                | 19,563                | (1,958)               | 2,131                 |
| 202,777                                     | 191,986               | 181,700               | 162,137               | 164,095               | 161,964               |
| -                                           | (71)                  | -                     | -                     | -                     | -                     |
| 202,777                                     | 191,915               | 181,700               | 162,137               | 164,095               | 161,964               |
| 202,690                                     | 202,777               | 191,986               | 181,700               | 162,137               | 164,095               |
| <u>\$ 246,841</u>                           | <u>\$ 231,180</u>     | <u>\$ 203,638</u>     | <u>\$ 193,864</u>     | <u>\$ 185,043</u>     | <u>\$ 143,958</u>     |
| 45.09%                                      | 46.73%                | 48.53%                | 48.38%                | 46.70%                | 53.27%                |
| \$ 32,562                                   | \$ 34,136             | \$ 32,445             | \$ 32,941             | \$ 32,453             | \$ 31,661             |
| 758.06%                                     | 677.23%               | 627.64%               | 588.52%               | 570.19%               | 454.69%               |

**City of Mesa, Arizona****Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios**

Agent Plans

June 30, 2025

(in thousands)

**Personal Safety Personnel Retirement System - Police Pension**

|                                                                                            | Reporting Fiscal Year<br>(Measurement Date) |               |               |               |
|--------------------------------------------------------------------------------------------|---------------------------------------------|---------------|---------------|---------------|
|                                                                                            | <b>2025</b>                                 | <b>2024</b>   | <b>2023</b>   | <b>2022</b>   |
|                                                                                            | <b>(2024)</b>                               | <b>(2023)</b> | <b>(2022)</b> | <b>(2021)</b> |
| Total Pension Liability                                                                    |                                             |               |               |               |
| Service Cost                                                                               | \$ 15,642                                   | \$ 14,824     | \$ 13,979     | \$ 13,861     |
| Interest on the Total Pension Liability                                                    | 71,984                                      | 67,540        | 64,052        | 61,557        |
| Changes of Benefit Terms                                                                   | -                                           | -             | -             | -             |
| Diff Between Expected and Actual Experience<br>in the Measurement of the Pension Liability | 34,992                                      | 29,045        | 18,155        | 2,112         |
| Changes of Assumptions or Other Inputs                                                     | -                                           | -             | 10,488        | -             |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (52,375)                                    | (48,622)      | (45,167)      | (41,764)      |
| Net Change in Total Pension Liability                                                      | 70,243                                      | 62,787        | 61,507        | 35,766        |
| Total Pension Liability - Beginning                                                        | 1,010,327                                   | 947,541       | 886,034       | 850,268       |
| Total Pension Liability - Ending (a)                                                       | 1,080,570                                   | 1,010,327     | 947,541       | 886,034       |
| Plan Fiduciary Net Position                                                                |                                             |               |               |               |
| Contributions - Employer                                                                   | 62,164                                      | 55,209        | 53,349        | 38,561        |
| Contributions - Employee                                                                   | 7,300                                       | 6,897         | 6,608         | 6,268         |
| Net Investment Income                                                                      | 53,977                                      | 36,571        | (19,142)      | 101,528       |
| Benefit Payments, Including Refunds<br>of Employee Contributions                           | (52,375)                                    | (48,622)      | (45,167)      | (41,764)      |
| Hall/Parker Settlement                                                                     | -                                           | -             | -             | -             |
| Administrative Expense                                                                     | (370)                                       | (288)         | (345)         | (477)         |
| Other Changes                                                                              | -                                           | (7)           | -             | -             |
| Net Change in Plan Fiduciary Net Position                                                  | 70,696                                      | 49,759        | (4,697)       | 104,116       |
| Plan Fiduciary Net Position - As Previously Reported                                       | 511,948                                     | 462,190       | 466,887       | 362,771       |
| Adjustment to Beginning Balance                                                            | -                                           | -             | -             | -             |
| Plan Fiduciary Net Position - Beginning                                                    | 511,948                                     | 462,190       | 466,887       | 362,771       |
| Plan Fiduciary Net Position - Ending (b)                                                   | 582,644                                     | 511,949       | 462,190       | 466,887       |
| City's Net Pension Liability - Ending (a) - (b)                                            | \$ 497,926                                  | \$ 498,379    | \$ 485,351    | \$ 419,147    |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability              | 53.92%                                      | 50.67%        | 48.78%        | 52.69%        |
| City's Covered Payroll                                                                     | \$ 86,055                                   | \$ 73,451     | \$ 68,471     | \$ 64,419     |
| City's Net Pension Liability as a Percentage<br>of its Covered Payroll                     | 578.61%                                     | 678.52%       | 708.84%       | 650.66 %      |

See accompanying notes to pension plan schedules

| Reporting Fiscal Year<br>(Measurement Date) |                       |                       |                       |                       |                       |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>2021</b><br>(2020)                       | <b>2020</b><br>(2019) | <b>2019</b><br>(2018) | <b>2018</b><br>(2017) | <b>2017</b><br>(2016) | <b>2016</b><br>(2015) |
| \$ 14,016                                   | \$ 15,015             | \$ 13,826             | \$ 15,841             | \$ 12,438             | \$ 12,216             |
| 57,794                                      | 53,953                | 50,926                | 47,572                | 43,573                | 41,908                |
| -                                           | -                     | -                     | 5,718                 | 34,005                | -                     |
| 19,067                                      | 10,259                | 3,862                 | 365                   | (4,001)               | (2,173)               |
| -                                           | 21,092                | -                     | 19,037                | 23,614                | -                     |
| (36,572)                                    | (36,864)              | (34,755)              | (32,522)              | (31,689)              | (29,998)              |
| 54,305                                      | 63,455                | 33,859                | 56,011                | 77,940                | 21,953                |
| 795,963                                     | 732,508               | 698,649               | 642,638               | 564,698               | 542,745               |
| 850,268                                     | 795,963               | 732,508               | 698,649               | 642,638               | 564,698               |
| 34,340                                      | 32,387                | 31,596                | 26,819                | 24,067                | 19,680                |
| 6,045                                       | 5,718                 | 6,058                 | 7,693                 | 8,157                 | 7,613                 |
| 4,551                                       | 18,270                | 21,889                | 34,221                | 1,667                 | 10,065                |
| (36,572)                                    | (36,864)              | (34,754)              | (32,522)              | (31,689)              | (29,998)              |
| -                                           | -                     | (10,096)              | -                     | -                     | -                     |
| (371)                                       | (319)                 | (333)                 | (360)                 | (240)                 | (246)                 |
| (2)                                         | 340                   | 514                   | 420                   | 382                   | 28                    |
| 7,991                                       | 19,532                | 14,874                | 36,271                | 2,344                 | 7,142                 |
| 354,780                                     | 335,631               | 320,757               | 284,432               | 282,088               | 274,946               |
| -                                           | (383)                 | -                     | -                     | -                     | -                     |
| 354,780                                     | 335,248               | 320,757               | 284,432               | 282,088               | 274,946               |
| 362,771                                     | 354,780               | 335,631               | 320,757               | 284,432               | 282,088               |
| <u>\$ 487,497</u>                           | <u>\$ 441,183</u>     | <u>\$ 396,877</u>     | <u>\$ 377,892</u>     | <u>\$ 358,206</u>     | <u>\$ 282,610</u>     |
| 42.67%                                      | 44.57%                | 45.82%                | 45.91%                | 44.26%                | 49.95%                |
| \$ 63,232                                   | \$ 63,993             | \$ 63,003             | \$ 64,740             | \$ 61,211             | \$ 62,461             |
| 770.97%                                     | 689.42%               | 629.93%               | 583.71%               | 585.20%               | 452.46%               |

**City of Mesa, Arizona****Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios**

Agent Plans

June 30, 2025

(in thousands)

**Personal Safety Personnel Retirement System - Police OPEB**

|                                                                                         | Reporting Fiscal Year<br>(Measurement Date) |                       |                       |                       |
|-----------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                                                                         | <b>2025</b><br>(2024)                       | <b>2024</b><br>(2023) | <b>2023</b><br>(2022) | <b>2022</b><br>(2021) |
| Total OPEB Liability                                                                    |                                             |                       |                       |                       |
| Service Cost                                                                            | \$ 237                                      | \$ 250                | \$ 280                | \$ 351                |
| Interest on the Total OPEB Liability                                                    | 1,589                                       | 1,568                 | 1,537                 | 1,511                 |
| Changes of Benefit Terms                                                                | -                                           | -                     | -                     | -                     |
| Diff Between Expected and Actual Experience<br>in the Measurement of the OPEB Liability | 115                                         | 155                   | 218                   | 100                   |
| Changes of Assumptions or Other Inputs                                                  | -                                           | -                     | 312                   | -                     |
| Benefit Payments, Including Refunds<br>of Employee Contributions                        | (1,690)                                     | (1,640)               | (1,571)               | (1,494)               |
| Net Change in Total OPEB Liability                                                      | 251                                         | 331                   | 776                   | 468                   |
| Total OPEB Liability - Beginning                                                        | 22,671                                      | 22,341                | 21,565                | 21,097                |
| Total OPEB Liability - Ending (a)                                                       | 22,922                                      | 22,672                | 22,341                | 21,565                |
| Plan Fiduciary Net Position                                                             |                                             |                       |                       |                       |
| Contributions - Employer                                                                | 1,311                                       | 1,050                 | 946                   | 853                   |
| Contributions - Employee                                                                | -                                           | 44                    | 32                    | 88                    |
| Net Investment Income                                                                   | 1,064                                       | 784                   | (448)                 | 2,583                 |
| Benefit Payments, Including Refunds<br>of Employee Contributions                        | (1,690)                                     | (1,640)               | (1,571)               | (1,494)               |
| Administrative Expense                                                                  | (7)                                         | (7)                   | (8)                   | (10)                  |
| Net Change in Plan Fiduciary Net Position                                               | 678                                         | 231                   | (1,049)               | 2,020                 |
| Plan Fiduciary Net Position - As Previously Reported                                    | 11,171                                      | 10,940                | 11,989                | 9,969                 |
| Adjustment to Beginning Balance                                                         | -                                           | -                     | -                     | -                     |
| Plan Fiduciary Net Position - Beginning                                                 | 11,171                                      | 10,940                | 11,989                | 9,969                 |
| Plan Fiduciary Net Position - Ending (b)                                                | 11,849                                      | 11,171                | 10,940                | 11,989                |
| City's Net OPEB Liability - Ending (a) - (b)                                            | <u>\$ 11,074</u>                            | <u>\$ 11,501</u>      | <u>\$ 11,401</u>      | <u>\$ 9,576</u>       |
| Plan Fiduciary Net Position as a Percentage<br>of the Total OPEB Liability              | 51.69%                                      | 49.27%                | 48.97%                | 55.59%                |
| City's Covered Payroll                                                                  | \$ 86,055                                   | \$ 73,451             | \$ 68,471             | \$ 64,419             |
| City's Net OPEB Liability as a Percentage<br>of its Covered Payroll                     | 12.87%                                      | 15.66%                | 16.65%                | 14.87%                |

See accompanying notes to pension plan schedules

| Reporting Fiscal Year<br>(Measurement Date) |                |                |                | 2017<br>through<br>2015         |
|---------------------------------------------|----------------|----------------|----------------|---------------------------------|
| 2021<br>(2020)                              | 2020<br>(2019) | 2019<br>(2018) | 2018<br>(2017) |                                 |
| \$ 322                                      | \$ 200         | \$ 190         | \$ 213         | Information<br>not<br>available |
| 1,477                                       | 1,416          | 1,359          | 1,356          |                                 |
| -                                           | -              | -              | 35             |                                 |
| 381                                         | 43             | 472            | 312            |                                 |
| -                                           | 474            | -              | (335)          |                                 |
| (1,455)                                     | (1,391)        | (1,325)        | (1,239)        |                                 |
| 725                                         | 742            | 696            | 342            |                                 |
| 20,372                                      | 19,630         | 18,934         | 18,592         |                                 |
| 21,097                                      | 20,372         | 19,630         | 18,934         |                                 |
| 934                                         | 736            | 231            | 639            |                                 |
| 46                                          | 14             | -              | -              |                                 |
| 123                                         | 530            | 695            | 1,141          |                                 |
| (1,455)                                     | (1,391)        | (1,325)        | (1,239)        |                                 |
| (10)                                        | (9)            | (11)           | (10)           |                                 |
| (362)                                       | (120)          | (410)          | 531            |                                 |
| 10,331                                      | 10,067         | 10,477         | 9,946          |                                 |
| -                                           | 384            | -              | -              |                                 |
| 10,331                                      | 10,451         | 10,477         | 9,946          |                                 |
| 9,969                                       | 10,331         | 10,067         | 10,477         |                                 |
| \$ 11,128                                   | \$ 10,041      | \$ 9,563       | \$ 8,457       |                                 |
| 47.25%                                      | 50.71%         | 51.28%         | 55.33%         |                                 |
| \$ 63,232                                   | \$ 63,993      | \$ 63,003      | \$ 64,740      |                                 |
| 17.60%                                      | 15.69%         | 15.18%         | 13.06%         |                                 |

**City of Mesa, Arizona**

## Schedule of City Pension Contributions

June 30, 2025

(in thousands)

**Arizona State Retirement System**

|                                                                             | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|-----------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Statutorily Required Contribution                                           | \$ 29,853   | \$ 28,965   | \$ 25,129   | \$ 23,097   |
| City's Contribution in Relation to the<br>Statutorily Required Contribution | 29,853      | 28,965      | 25,129      | 23,097      |
| City's Contribution (Deficiency) / Excess                                   | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered Payroll                                                      | \$ 248,092  | \$ 232,139  | \$ 211,155  | \$ 192,542  |
| City's Contributions as a Percentage of Covered<br>Payroll                  | 12.03%      | 12.48%      | 11.90%      | 12.00%      |

**Public Safety Personnel Retirement System - Fire Pension**

|                                                                               | <b>2025</b>     | <b>2024</b>     | <b>2023</b>     | <b>2022</b>     |
|-------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Actuarially Determined Contribution                                           | \$ 27,060       | \$ 27,751       | \$ 22,569       | \$ 20,178       |
| City's Contribution in Relation to the<br>Actuarially Determined Contribution | 31,267          | 30,800          | 26,388          | 27,797          |
| City's Contribution (Deficiency) / Excess                                     | <u>\$ 4,207</u> | <u>\$ 3,049</u> | <u>\$ 3,819</u> | <u>\$ 7,619</u> |
| City's Covered Payroll                                                        | \$ 46,625       | \$ 48,048       | \$ 39,896       | \$ 36,776       |
| City's Contributions as a Percentage of Covered<br>Payroll                    | 67.06%          | 64.10%          | 66.14%          | 75.58%          |

See accompanying notes to plan schedules

| <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 20,763   | \$ 20,258   | \$ 19,124   | \$ 17,650   | \$ 17,423   | \$ 16,955   |
| 20,763      | 20,258      | 19,124      | 17,650      | 17,423      | 16,955      |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 178,405  | \$ 175,767  | \$ 169,900  | \$ 162,089  | \$ 158,958  | \$ 155,868  |
| 11.64%      | 11.53%      | 11.26%      | 10.89%      | 10.96%      | 10.88%      |

| <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b>       | <b>2017</b> | <b>2016</b>     |
|-------------|-------------|-------------|-------------------|-------------|-----------------|
| \$ 19,617   | \$ 18,035   | \$ 16,431   | \$ 14,289         | \$ 13,490   | \$ 11,197       |
| 19,617      | 18,035      | 16,431      | 10,479            | 13,490      | 12,735          |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,810)</u> | <u>\$ -</u> | <u>\$ 1,538</u> |
| \$ 34,198   | \$ 32,562   | \$ 34,136   | \$ 32,446         | \$ 32,941   | \$ 32,453       |
| 57.36%      | 55.39%      | 48.13%      | 32.30%            | 40.95%      | 39.24%          |

**City of Mesa, Arizona**  
Schedule of City Pension Contributions  
June 30, 2025  
(in thousands)

**Public Safety Personnel Retirement System - Police Pension**

|                                                                               | <b>2025</b>      | <b>2024</b>      | <b>2023</b>      | <b>2022</b>      |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Actuarially Determined Contribution                                           | \$ 48,740        | \$ 49,162        | \$ 42,430        | \$ 37,457        |
| City's Contribution in Relation to the<br>Actuarially Determined Contribution | 60,857           | 62,062           | 55,116           | 53,372           |
| City's Contribution (Deficiency) / Excess                                     | <u>\$ 12,117</u> | <u>\$ 12,900</u> | <u>\$ 12,686</u> | <u>\$ 15,915</u> |
| City's Covered Payroll                                                        | \$ 82,571        | \$ 86,055        | \$ 73,451        | \$ 68,471        |
| City's Contributions as a Percentage of Covered Payroll                       | 73.70%           | 72.12%           | 75.04%           | 77.95%           |

**Public Safety Personnel Retirement System - Police OPEB**

|                                                                               | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|-------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Actuarially Determined Contribution                                           | \$ 1,147    | \$ 1,184    | \$ 1,024    | \$ 838      |
| City's Contribution in Relation to the<br>Actuarially Determined Contribution | 1,147       | 1,184       | 1,024       | 838         |
| City's Contribution (Deficiency) / Excess                                     | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered Payroll                                                        | \$ 82,571   | \$ 86,055   | \$ 73,451   | \$ 68,471   |
| City's Contributions as a Percentage of Covered Payroll                       | 1.39%       | 1.38%       | 1.39%       | 1.22%       |

See accompanying notes to plan schedules.

| <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b>       | <b>2017</b> | <b>2016</b> |
|-------------|-------------|-------------|-------------------|-------------|-------------|
| \$ 37,484   | \$ 34,308   | \$ 29,314   | \$ 29,048         | \$ 26,809   | \$ 21,697   |
| 37,484      | 34,308      | 29,314      | 21,726            | 26,809      | 21,697      |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (7,322)</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 64,419   | \$ 63,232   | \$ 63,993   | \$ 63,003         | \$ 64,740   | \$ 61,211   |
| 58.19%      | 54.26%      | 45.81%      | 34.48%            | 41.41%      | 39.32%      |

| <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b>                     |
|-------------|-------------|-------------|-------------|-------------|---------------------------------|
| \$ 713      | \$ 815      | \$ 733      | \$ 772      | \$641       | Information<br>not<br>available |
| 713         | 815         | 733         | 772         | \$641       |                                 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |                                 |
| \$ 64,419   | \$ 63,232   | \$ 63,993   | \$ 63,003   | \$ 64,740   |                                 |
| 1.11%       | 1.29%       | 1.15%       | 1.23%       | 0.99 %      |                                 |

**Note 1 - Actuarially determined contribution rates**

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

|                           |                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method     | Entry age normal                                                                                                                                                                                                                                                                                                                                                                                      |
| Amortization Method       | Level percent of payroll, closed                                                                                                                                                                                                                                                                                                                                                                      |
| Remaining Amort Period    | 15 years of unfunded actuarial accrued liability, 15 years of excess                                                                                                                                                                                                                                                                                                                                  |
| Asset Valuation Method    | 7-year smoothed market value; 20% market value corridor                                                                                                                                                                                                                                                                                                                                               |
| Actuarial Assumptions:    |                                                                                                                                                                                                                                                                                                                                                                                                       |
| Investment Rate of Return | In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%<br>In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%<br>In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%<br>In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5% |
|                           | PSPRS members with initial membership on or after July 1, 2017: 7%                                                                                                                                                                                                                                                                                                                                    |
| Project Salary Increases  | In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%.                                                                                                                                                                                                                                                                                               |
| Wage Growth               | In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0% - 6.25%<br>In the 2017 actuarial valuation, wage growth was decreased from 4.0%-3.5%.                                                                                                                                                                                                                           |
| Retirement Age            | Experienced-based table of rates is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study for the period July 1, 2006-June 30, 2011                                                                                                                                                                                                      |
| Mortality                 | RP-2000 mortality table (adjusted by 105% for both males and females).<br>In the 2017 actuarial valuation, changed to RP 2014 tables with 75% of MP 2016 fully generational projection scales.                                                                                                                                                                                                        |

**Note 2 - Factors that affect trends**

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

Also, the City refunded excess employee contributions to PSPRS. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.



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**City of Mesa, Arizona**

## Schedule of Changes in the City's Total OPEB Liability

June 30, 2025

(in thousands)

|                                                                                          | <u>2025</u>              | <u>2024</u>              | <u>2023</u>              | <u>2022</u>              |
|------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total Liability                                                                          |                          |                          |                          |                          |
| Service Cost                                                                             | \$ 31,496                | \$ 16,117                | \$ 24,665                | \$ 26,157                |
| Interest on the Total Liability                                                          | 38,479                   | 32,007                   | 21,603                   | 25,492                   |
| Changes of Benefit Terms                                                                 | -                        | 104,183                  | -                        | -                        |
| Difference Between Expected and Actual Experience<br>in the Measurement of the Liability | (2,539)                  | 26,605                   | (1,720)                  | 26,062                   |
| Changes of Assumptions or Other Inputs                                                   | 11,038                   | (19,003)                 | (221,049)                | (21,298)                 |
| Benefit Payments, Including Refunds of Employee<br>Contributions                         | (28,991)                 | (23,408)                 | (23,491)                 | (21,010)                 |
| Net Change in Total OPEB Liability                                                       | <u>49,484</u>            | <u>136,502</u>           | <u>(199,992)</u>         | <u>35,403</u>            |
| Total OPEB Liability - Beginning                                                         | <u>914,547</u>           | <u>778,045</u>           | <u>978,037</u>           | <u>942,634</u>           |
| Total OPEB Liability - Ending                                                            | <u><u>\$ 964,031</u></u> | <u><u>\$ 914,547</u></u> | <u><u>\$ 778,045</u></u> | <u><u>\$ 978,037</u></u> |
| City's Covered Employee Payroll                                                          | \$ 375,266               | \$ 323,910               | \$ 297,789               | \$ 277,022               |
| City's Contributions as a % of Covered Employee<br>Payroll                               | 7.7 %                    | 7.2 %                    | 7.9 %                    | 7.6 %                    |

**Note:** The City funds OPEB benefits on a "pay-as-you-go" basis. Therefore, there are no assets accumulated in a trust that meet the criteria of GASB 75. In addition, employer contributions are equal to benefit payments.

| <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <b>2017<br/>through<br/>2015</b> |
|-------------------|-------------------|-------------------|-------------------|----------------------------------|
| \$ 24,165         | \$ 20,818         | \$ 19,997         | \$ 21,430         | Information<br>not<br>available  |
| 25,425            | 22,584            | 22,447            | 20,112            |                                  |
| -                 | -                 | -                 | -                 |                                  |
| (2,548)           | 34,022            | (1,133)           | -                 |                                  |
| 18,858            | 92,823            | 17,023            | (46,955)          |                                  |
| (20,641)          | (19,687)          | (17,232)          | (19,013)          |                                  |
| 45,259            | 150,560           | 41,102            | (24,426)          |                                  |
| 897,375           | 746,815           | 705,713           | 730,139           |                                  |
| <u>\$ 942,634</u> | <u>\$ 897,375</u> | <u>\$ 746,815</u> | <u>\$ 705,713</u> |                                  |
| \$ 271,561        | \$ 268,029        | \$ 257,537        | \$ 256,639        |                                  |
| 7.6 %             | 7.3 %             | 6.7 %             | 7.4 %             |                                  |

**City of Mesa, Arizona**

Budgetary Comparison Schedule (Non-GAAP Basis)

Combined Governmental &amp; Enterprise Funds

For the Fiscal year Ended June 30, 2025

(In thousands)

|                             | <u>Budgeted Amounts</u>   |                           | <b>Actual-<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget</b> |
|-----------------------------|---------------------------|---------------------------|----------------------------------------|---------------------------------------|
|                             | <b>Original</b>           | <b>Final</b>              |                                        |                                       |
| City Total Resources        | <u>\$2,690,000</u>        | <u>\$2,690,000</u>        | <u>\$2,652,918</u>                     | <u>\$37,082</u>                       |
| City Total Expenditures     | <u>2,690,000</u>          | <u>2,690,000</u>          | <u>1,937,895</u>                       | <u>1,937,895</u>                      |
| Net Change in Fund Balances | -                         | -                         | 715,023                                | (1,900,813)                           |
| Fund Balance - Beginning    | <u>1,229,318</u>          | <u>1,229,318</u>          | <u>1,229,318</u>                       | <u>-</u>                              |
| Fund Balance - Ending       | <u><u>\$1,229,318</u></u> | <u><u>\$1,229,318</u></u> | <u><u>\$1,944,341</u></u>              | <u><u>(715,023)</u></u>               |

**Note:** The City of Mesa's legally adopted budget is at the Citywide level and includes all governmental and proprietary funds. Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget. Transfers between funds and departmental groups may be made upon City Manager approval and do not require Council action or approval.

See accompanying note to budgetary comparison schedule.

**City of Mesa, Arizona**

## Notes to Budgetary Comparison Schedule

June 30, 2025

(in thousands)

The financial statements for the City are prepared in accordance with generally accepted accounting principles – “GAAP basis”. Since Mesa, like most other Arizona cities, prepares its annual budget on a modified cash basis that differs from the “GAAP basis”, a reconciliation is performed. Adjustments necessary to convert the results of operations of the governmental and proprietary funds for the year ended June 30, 2025 on the “GAAP basis” to the “budget basis” as follows:

|                                          |               |                       |
|------------------------------------------|---------------|-----------------------|
| Net Change in Fund Balance-Budget Basis- | \$            | 715,023               |
| Bond related                             | (226,314)     |                       |
| Capital Related Items                    | (293,303)     |                       |
| Depreciation and Amortization            | (65,944)      |                       |
| Lease Related items                      | 1,919         |                       |
| Differences in Revenue Recognition       | 24,121        |                       |
| Payroll and Other Accruals               | 3,630         |                       |
| Pension and OPEB Expense                 | 2,004         |                       |
| Joint Ventures - Change in Equity        | (8,797)       |                       |
| Unrealized Gain on Investments           | <u>28,318</u> |                       |
| Net Change in Fund Balance-GAAP Basis -  | \$            | <u><u>180,657</u></u> |

**Note:** The City of Mesa's legally adopted budget is at the Citywide level and includes all governmental and proprietary funds. Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget. Transfers between funds and departmental groups may be made upon City Manager approval and do not require Council action or approval.



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CITY OF MESA, AZ

# COMBINING STATEMENTS

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Cemetery** is designed to provide an accumulation of monies from which the interest earnings will provide perpetual care of the Cemetery.

**Community Facilities District** accounts for the operations of the Eastmark 1, Eastmark 2 and Cadence Community Facilities Districts which are paid from special assessments levied against the benefited properties.

**Development Impact Fees** are designed to provide a balance of monies to ensure that new development bears a proportionate share of the cost of improvements to the City's parks, libraries, fire facilities and equipment, police facilities and equipment, and storm sewers. These funds are provided through the collection of development impact fees.

**Environmental Compliance** accounts for expenditures that are a result of federal and state environmental requirements. Financing for this fund is derived from a monthly environmental compliance fee that is charged to each utility customer.

**Highway User Revenue** accounts for capital projects and maintenance of the City's streets and highways, as mandated by the Arizona Revised Statutes. Financing for this fund is provided by the state shared fuel taxes.

**Mesa Arts Center Restoration** is designed to provide an accumulation of monies to be used to replace or refurbish the Mesa Arts Center facilities. These funds are provided through a fee on all ticketed events at the facility.

**Mesa Housing Authority** accounts for federal expenditures of the City's housing assistance programs that provide rent subsidy payments to private sector owners of dwelling units.

**Other Restricted Funds** accounts for federal and state grant expenditures and other City programs. The principle financing source is federal and state grant revenues.

**Public Safety Sales Tax** accounts for expenditures of the voter-approved sales tax dedicated to Public Safety.

**Quality of Life Sales Tax** accounts for expenditures of the voter-approved sales tax to improve the quality of life for Mesa residents.

**Relief Fund** accounts for federal expenditures dedicated to supporting the City's response to COVID 19.

**Street Sales Tax** accounts for expenditures of the voter-approved sales tax that is used as the City match for the MAG Proposition 400 sales tax funds and also provides a local revenue source that is dedicated for street programs.

## **Capital Projects Funds**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and special revenue funds.

**Community Facilities District** accounts for the bond proceeds to be used for the costs of construction of drains, basins, channels and other storm sewer improvements and street improvements in the Eastmark 1, Eastmark 2 and Cadence Community Facilities Districts.

**General Capital Projects** accounts for the costs of general City construction projects and for expenditures related to the acquisition of replacement vehicles for the City's governmental funds. The funds are provided through bonds, excise tax obligations and transfers from the City's General Fund

**Parks** accounts for the bond proceeds to be used for the costs of park facilities and improvements.

**Public Safety** accounts for the bond proceeds to be used for the cost of public safety facilities.

**Streets** accounts for the bond proceeds to be used for the cost of right-of-way acquisitions and street improvements.

## **Debt Service Funds**

These funds are established to account for the accumulation of resources for, and the payment of, principal and interest not serviced by the Enterprise Fund.

**Community Facilities District** accumulates monies for the payment of Eastmark 1, Eastmark 2 and Cadence Community Facilities District Bonds that are issued to finance the costs of improvements which are to be paid from special assessments levied against the benefited properties.

**Excise Tax Obligations** accumulates monies for the payment of principal and interest requirements of the City's Excise Tax Obligation Bonds.

**General Obligation Bonds** accumulates monies for the payment of principal and interest requirements of the City's General Obligation Bonds.

**Highway User Revenue Bonds** accumulates monies for the payment of principal and interest requirements of the City's Highway User Revenue Bonds.



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**City of Mesa, Arizona**  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Fiscal year Ended June 30, 2025  
(in thousands)

|                                                                       | <b>Special Revenue Funds</b> |                                              |                                    |                                     |                                     |
|-----------------------------------------------------------------------|------------------------------|----------------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
|                                                                       | <b>Cemetery</b>              | <b>Community<br/>Facilities<br/>District</b> | <b>Development<br/>Impact Fees</b> | <b>Environmental<br/>Compliance</b> | <b>Highway<br/>User<br/>Revenue</b> |
| <b>Assets</b>                                                         |                              |                                              |                                    |                                     |                                     |
| Pooled Cash and Investments                                           | \$ 3,321                     | \$ 1,670                                     | \$ 19,931                          | \$ 20,280                           | \$ 39,628                           |
| Accounts Receivable, Net                                              | 12                           | -                                            | -                                  | 90                                  | 22                                  |
| Accrued Interest Receivable                                           | 13                           | 5                                            | -                                  | 79                                  | 194                                 |
| Due from Other Governments                                            | -                            | 4                                            | -                                  | -                                   | 4,945                               |
| Prepaid Costs                                                         | -                            | -                                            | -                                  | 12                                  | 25                                  |
| Restricted Assets:                                                    |                              |                                              |                                    |                                     |                                     |
| Pooled Cash and Investments                                           | -                            | -                                            | -                                  | -                                   | -                                   |
| Cash with Fiscal Agent                                                | -                            | -                                            | -                                  | -                                   | -                                   |
| Accounts Receivable                                                   | -                            | -                                            | -                                  | -                                   | -                                   |
| Due from Other Governments                                            | -                            | -                                            | -                                  | -                                   | -                                   |
| Total Assets                                                          | <u>\$ 3,346</u>              | <u>\$ 1,679</u>                              | <u>\$ 19,931</u>                   | <u>\$ 20,461</u>                    | <u>\$ 44,814</u>                    |
| <b>Liabilities</b>                                                    |                              |                                              |                                    |                                     |                                     |
| Accounts Payable and Accrued                                          | \$ -                         | \$ 59                                        | \$ 9                               | \$ 1,135                            | \$ 3,395                            |
| Customer and Defendant Deposits                                       | -                            | -                                            | -                                  | -                                   | -                                   |
| Unearned Revenue                                                      | -                            | 70                                           | -                                  | -                                   | -                                   |
| Payable from Restricted Assets:                                       |                              |                                              |                                    |                                     |                                     |
| Accrued Interest Payable                                              | -                            | -                                            | -                                  | -                                   | -                                   |
| Matured Bonds Payable                                                 | -                            | -                                            | -                                  | -                                   | -                                   |
| Total Liabilities                                                     | <u>-</u>                     | <u>129</u>                                   | <u>9</u>                           | <u>1,135</u>                        | <u>3,395</u>                        |
| <b>Deferred Inflows of Resources</b>                                  |                              |                                              |                                    |                                     |                                     |
| Unavailable Revenue                                                   | 3                            | -                                            | -                                  | -                                   | -                                   |
| Total Deferred Inflows of Resources                                   | <u>3</u>                     | <u>-</u>                                     | <u>-</u>                           | <u>-</u>                            | <u>-</u>                            |
| <b>Fund Balance</b>                                                   |                              |                                              |                                    |                                     |                                     |
| Nonspendable                                                          | -                            | -                                            | -                                  | 12                                  | 25                                  |
| Restricted                                                            | -                            | 1,550                                        | 19,922                             | -                                   | 41,394                              |
| Committed                                                             | 3,343                        | -                                            | -                                  | 19,314                              | -                                   |
| Assigned                                                              | -                            | -                                            | -                                  | -                                   | -                                   |
| Total Fund Balances                                                   | <u>3,343</u>                 | <u>1,550</u>                                 | <u>19,922</u>                      | <u>19,326</u>                       | <u>41,419</u>                       |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 3,346</u>              | <u>\$ 1,679</u>                              | <u>\$ 19,931</u>                   | <u>\$ 20,461</u>                    | <u>\$ 44,814</u>                    |

**Special Revenue Funds**

| <b>Mesa Arts<br/>Center<br/>Restoration</b> | <b>Mesa<br/>Housing<br/>Authority</b> | <b>Other<br/>Restricted<br/>Funds</b> | <b>Public<br/>Safety<br/>Sales Tax</b> | <b>Quality of<br/>Life Sales<br/>Tax</b> | <b>Relief<br/>Fund</b> | <b>Street<br/>Sales Tax</b> | <b>Total Special<br/>Revenue Funds</b> |
|---------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------|------------------------|-----------------------------|----------------------------------------|
| \$ 1,875                                    | \$ 2,579                              | \$ 16,301                             | \$ 60,449                              | \$ 41,595                                | \$ 22,445              | \$ 120,171                  | \$ 350,245                             |
| 6                                           | 94                                    | 3,147                                 | 14                                     | -                                        | -                      | 1,160                       | 4,545                                  |
| 7                                           | -                                     | 74                                    | 236                                    | 156                                      | -                      | 465                         | 1,229                                  |
| -                                           | 1,546                                 | 2,686                                 | 6,678                                  | 6,682                                    | -                      | 8,098                       | 30,639                                 |
| -                                           | -                                     | 49                                    | 93                                     | -                                        | 531                    | 48                          | 758                                    |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| <u>\$ 1,888</u>                             | <u>\$ 4,219</u>                       | <u>\$ 22,257</u>                      | <u>\$ 67,470</u>                       | <u>\$ 48,433</u>                         | <u>\$ 22,976</u>       | <u>\$ 129,942</u>           | <u>\$ 387,416</u>                      |
| \$ 31                                       | \$ 676                                | \$ 1,512                              | \$ 308                                 | \$ -                                     | \$ 3,295               | \$ 2,133                    | \$ 12,553                              |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | 8,337                       | 8,337                                  |
| 276                                         | 1,571                                 | 1,340                                 | -                                      | -                                        | 16,256                 | -                           | 19,513                                 |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| -                                           | -                                     | -                                     | -                                      | -                                        | -                      | -                           | -                                      |
| <u>307</u>                                  | <u>2,247</u>                          | <u>2,852</u>                          | <u>308</u>                             | <u>-</u>                                 | <u>19,551</u>          | <u>10,470</u>               | <u>40,403</u>                          |
| <u>1</u>                                    | <u>-</u>                              | <u>2,081</u>                          | <u>-</u>                               | <u>-</u>                                 | <u>-</u>               | <u>188</u>                  | <u>2,273</u>                           |
| <u>1</u>                                    | <u>-</u>                              | <u>2,081</u>                          | <u>-</u>                               | <u>-</u>                                 | <u>-</u>               | <u>188</u>                  | <u>2,273</u>                           |
| -                                           | -                                     | 49                                    | 93                                     | -                                        | 531                    | 48                          | 758                                    |
| -                                           | 1,972                                 | 14,967                                | 67,069                                 | 48,433                                   | 2,894                  | 119,236                     | 317,437                                |
| 1,580                                       | -                                     | 2,089                                 | -                                      | -                                        | -                      | -                           | 26,326                                 |
| -                                           | -                                     | 219                                   | -                                      | -                                        | -                      | -                           | 219                                    |
| <u>1,580</u>                                | <u>1,972</u>                          | <u>17,324</u>                         | <u>67,162</u>                          | <u>48,433</u>                            | <u>3,425</u>           | <u>119,284</u>              | <u>344,740</u>                         |
| <u>\$ 1,888</u>                             | <u>\$ 4,219</u>                       | <u>\$ 22,257</u>                      | <u>\$ 67,470</u>                       | <u>\$ 48,433</u>                         | <u>\$ 22,976</u>       | <u>\$ 129,942</u>           | <u>\$ 387,416</u>                      |

**City of Mesa, Arizona**  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Fiscal year Ended June 30, 2025  
(in thousands)

|                                                                       | <b>Capital Projects Funds</b>                |                                         |                  |                          |                  |                                                 |
|-----------------------------------------------------------------------|----------------------------------------------|-----------------------------------------|------------------|--------------------------|------------------|-------------------------------------------------|
|                                                                       | <b>Community<br/>Facilities<br/>District</b> | <b>General<br/>Capital<br/>Projects</b> | <b>Parks</b>     | <b>Public<br/>Safety</b> | <b>Streets</b>   | <b>Total<br/>Capital<br/>Projects<br/>Funds</b> |
| <b>Assets</b>                                                         |                                              |                                         |                  |                          |                  |                                                 |
| Pooled Cash and Investments                                           | \$ -                                         | \$ 98,704                               | \$ -             | \$ -                     | \$ 77,491        | \$ 176,195                                      |
| Accounts Receivable, Net                                              | -                                            | 74                                      | 13               | -                        | 124              | 211                                             |
| Accrued Interest Receivable                                           | -                                            | 401                                     | 66               | 265                      | 292              | 1,024                                           |
| Due from Other Governments                                            | -                                            | -                                       | -                | -                        | 2,597            | 2,597                                           |
| Prepaid Costs                                                         | -                                            | 85                                      | -                | -                        | -                | 85                                              |
| Restricted Assets:                                                    |                                              |                                         |                  |                          |                  |                                                 |
| Pooled Cash and Investments                                           | -                                            | 4,822                                   | 17,233           | 54,336                   | -                | 76,391                                          |
| Cash with Fiscal Agent                                                | -                                            | -                                       | -                | -                        | -                | -                                               |
| Accounts Receivable                                                   | -                                            | -                                       | -                | -                        | -                | -                                               |
| Due from Other Governments                                            | -                                            | -                                       | -                | -                        | -                | -                                               |
| Total Assets                                                          | <u>\$ -</u>                                  | <u>\$ 104,086</u>                       | <u>\$ 17,312</u> | <u>\$ 54,601</u>         | <u>\$ 80,504</u> | <u>\$ 256,503</u>                               |
| <b>Liabilities</b>                                                    |                                              |                                         |                  |                          |                  |                                                 |
| Accounts Payable and Accrued                                          | \$ -                                         | \$ 10,866                               | \$ 689           | \$ 762                   | \$ 5,598         | \$ 17,915                                       |
| Customer and Defendant Deposits                                       | -                                            | -                                       | -                | -                        | -                | -                                               |
| Unearned Revenue                                                      | -                                            | -                                       | -                | -                        | 5,414            | 5,414                                           |
| Payable from Restricted Assets:                                       |                                              |                                         |                  |                          |                  |                                                 |
| Accrued Interest Payable                                              | -                                            | -                                       | -                | -                        | -                | -                                               |
| Matured Bonds Payable                                                 | -                                            | -                                       | -                | -                        | -                | -                                               |
| Total Liabilities                                                     | <u>-</u>                                     | <u>10,866</u>                           | <u>689</u>       | <u>762</u>               | <u>11,012</u>    | <u>23,329</u>                                   |
| <b>Deferred Inflows of Resources</b>                                  |                                              |                                         |                  |                          |                  |                                                 |
| Unavailable Revenue                                                   | -                                            | -                                       | -                | -                        | 488              | 488                                             |
| Total Deferred Inflows of Resources                                   | <u>-</u>                                     | <u>-</u>                                | <u>-</u>         | <u>-</u>                 | <u>488</u>       | <u>488</u>                                      |
| <b>Fund Balance</b>                                                   |                                              |                                         |                  |                          |                  |                                                 |
| Nonspendable                                                          | -                                            | 85                                      | -                | -                        | -                | 85                                              |
| Restricted                                                            | -                                            | 118                                     | 16,623           | 53,839                   | 69,004           | 139,584                                         |
| Committed                                                             | -                                            | -                                       | -                | -                        | -                | -                                               |
| Assigned                                                              | -                                            | 93,017                                  | -                | -                        | -                | 93,017                                          |
| Total Fund Balances                                                   | <u>-</u>                                     | <u>93,220</u>                           | <u>16,623</u>    | <u>53,839</u>            | <u>69,004</u>    | <u>232,686</u>                                  |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ -</u>                                  | <u>\$ 104,086</u>                       | <u>\$ 17,312</u> | <u>\$ 54,601</u>         | <u>\$ 80,504</u> | <u>\$ 256,503</u>                               |

(Concluded)

| Debt Service Funds                  |                           |                                |                                     |                             |                                          |
|-------------------------------------|---------------------------|--------------------------------|-------------------------------------|-----------------------------|------------------------------------------|
| Community<br>Facilities<br>District | Excise Tax<br>Obligations | General<br>Obligation<br>Bonds | Highway<br>User<br>Revenue<br>Bonds | Total Debt<br>Service Funds | Total Non-Major<br>Governmental<br>Funds |
| \$ -                                | \$ -                      | \$ -                           | \$ -                                | \$ -                        | \$ 526,440                               |
| -                                   | -                         | -                              | -                                   | -                           | 4,756                                    |
| 32                                  | -                         | 1,245                          | -                                   | 1,277                       | 3,530                                    |
| -                                   | -                         | -                              | -                                   | -                           | 33,236                                   |
| -                                   | -                         | -                              | -                                   | -                           | 843                                      |
| 8,432                               | -                         | 2,216                          | -                                   | 10,648                      | 87,039                                   |
| 1,194                               | 2,037                     | 40,958                         | 11,273                              | 55,462                      | 55,462                                   |
| 19,740                              | -                         | -                              | -                                   | 19,740                      | 19,740                                   |
| 92                                  | -                         | 1,146                          | -                                   | 1,238                       | 1,238                                    |
| <u>\$ 29,490</u>                    | <u>\$ 2,037</u>           | <u>\$ 45,565</u>               | <u>\$ 11,273</u>                    | <u>\$ 88,365</u>            | <u>\$ 732,284</u>                        |
| \$ -                                | \$ -                      | \$ -                           | \$ -                                | \$ -                        | \$ 30,468                                |
| 4                                   | -                         | -                              | -                                   | 4                           | 8,341                                    |
| -                                   | -                         | -                              | -                                   | -                           | 24,927                                   |
| 1,827                               | 662                       | 7,213                          | 393                                 | 10,095                      | 10,095                                   |
| <u>3,566</u>                        | <u>1,375</u>              | <u>33,745</u>                  | <u>10,880</u>                       | <u>49,566</u>               | <u>49,566</u>                            |
| <u>5,397</u>                        | <u>2,037</u>              | <u>40,958</u>                  | <u>11,273</u>                       | <u>59,665</u>               | <u>123,397</u>                           |
| 19,770                              | -                         | 503                            | -                                   | 20,273                      | 23,034                                   |
| <u>19,770</u>                       | <u>-</u>                  | <u>503</u>                     | <u>-</u>                            | <u>20,273</u>               | <u>23,034</u>                            |
| -                                   | -                         | -                              | -                                   | -                           | 843                                      |
| 4,323                               | -                         | 4,104                          | -                                   | 8,427                       | 465,448                                  |
| -                                   | -                         | -                              | -                                   | -                           | 26,326                                   |
| -                                   | -                         | -                              | -                                   | -                           | 93,236                                   |
| <u>4,323</u>                        | <u>-</u>                  | <u>4,104</u>                   | <u>-</u>                            | <u>8,427</u>                | <u>585,853</u>                           |
| <u>\$ 29,490</u>                    | <u>\$ 2,037</u>           | <u>\$ 45,565</u>               | <u>\$ 11,273</u>                    | <u>\$ 88,365</u>            | <u>\$ 732,284</u>                        |

**City of Mesa, Arizona**

## Combining Statement of Revenues, Expenditures

## and Changes in Fund Balances

## Non-Major Governmental Funds

For the Fiscal year Ended June 30, 2025

(in thousands)

|                                                              | Special Revenue Funds |                                     |                            |                             |                            |
|--------------------------------------------------------------|-----------------------|-------------------------------------|----------------------------|-----------------------------|----------------------------|
|                                                              | Cemetery              | Community<br>Facilities<br>District | Development<br>Impact Fees | Environmental<br>Compliance | Highway<br>User<br>Revenue |
| <b>Revenues:</b>                                             |                       |                                     |                            |                             |                            |
| Sales Taxes                                                  | \$ -                  | \$ -                                | \$ -                       | \$ -                        | \$ -                       |
| Property Taxes                                               | -                     | 720                                 | -                          | -                           | -                          |
| Occupancy Taxes                                              | -                     | -                                   | -                          | -                           | -                          |
| Special Assessments                                          | -                     | -                                   | -                          | -                           | -                          |
| Licenses and Permits                                         | -                     | -                                   | 2,861                      | -                           | -                          |
| Intergovernmental                                            | -                     | -                                   | -                          | -                           | 50,374                     |
| Charges for Services                                         | 120                   | -                                   | -                          | 18,255                      | -                          |
| Fines and Forfeitures                                        | -                     | -                                   | -                          | -                           | -                          |
| Investment Income (Loss)                                     | 199                   | 73                                  | -                          | 1,377                       | 2,933                      |
| Contributions                                                | -                     | -                                   | -                          | -                           | -                          |
| Miscellaneous Revenues                                       | -                     | -                                   | -                          | 95                          | -                          |
| Total Revenues                                               | <u>319</u>            | <u>793</u>                          | <u>2,861</u>               | <u>19,727</u>               | <u>53,307</u>              |
| <b>Expenditures</b>                                          |                       |                                     |                            |                             |                            |
| Current:                                                     |                       |                                     |                            |                             |                            |
| General Government                                           | -                     | 298                                 | -                          | 3,602                       | 150                        |
| Public Safety                                                | -                     | -                                   | -                          | -                           | -                          |
| Community Environment                                        | -                     | -                                   | -                          | 5,082                       | 23,349                     |
| Cultural-Recreational                                        | -                     | -                                   | -                          | 10,160                      | -                          |
| Debt Services:                                               |                       |                                     |                            |                             |                            |
| Principal Retirement                                         | -                     | -                                   | -                          | -                           | -                          |
| Interest on Bonds                                            | -                     | -                                   | -                          | -                           | -                          |
| Services Charges                                             | -                     | -                                   | -                          | -                           | -                          |
| Cost of Issuance                                             | -                     | -                                   | -                          | -                           | -                          |
| Capital Outlay                                               | -                     | -                                   | -                          | 2,266                       | 16,330                     |
| Total Expenditures                                           | <u>-</u>              | <u>298</u>                          | <u>-</u>                   | <u>21,110</u>               | <u>39,829</u>              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>319</u>            | <u>495</u>                          | <u>2,861</u>               | <u>(1,383)</u>              | <u>13,478</u>              |
| <b>Other Financing Sources (Uses):</b>                       |                       |                                     |                            |                             |                            |
| Transfers In                                                 | -                     | -                                   | -                          | -                           | -                          |
| Transfers Out                                                | -                     | -                                   | (4,275)                    | (6)                         | (11,683)                   |
| Sale of Capital Assets                                       | -                     | -                                   | -                          | -                           | -                          |
| Face Amounts of Bonds Issued                                 | -                     | -                                   | -                          | -                           | -                          |
| Face Amounts of Leases Issued                                | -                     | -                                   | -                          | -                           | -                          |
| Premium on Issuance of Bonds (Net)                           | -                     | -                                   | -                          | -                           | -                          |
| Total Other Financing Sources (Uses)                         | <u>-</u>              | <u>-</u>                            | <u>(4,275)</u>             | <u>(6)</u>                  | <u>(11,683)</u>            |
| Net Change in Fund Balances                                  | 319                   | 495                                 | (1,414)                    | (1,389)                     | 1,795                      |
| Fund Balances - Beginning                                    | <u>3,024</u>          | <u>1,055</u>                        | <u>21,336</u>              | <u>20,715</u>               | <u>39,624</u>              |
| Fund Balances - Ending                                       | <u>\$ 3,343</u>       | <u>\$ 1,550</u>                     | <u>\$ 19,922</u>           | <u>\$ 19,326</u>            | <u>\$ 41,419</u>           |

**Special Revenue Funds**

| <b>Mesa Arts<br/>Center<br/>Restoration</b> | <b>Mesa<br/>Housing<br/>Authority</b> | <b>Other<br/>Restricted<br/>Funds</b> | <b>Public<br/>Safety<br/>Sales Tax</b> | <b>Quality of<br/>Life Sales<br/>Tax</b> | <b>Relief</b>   | <b>Street Sales<br/>Tax</b> | <b>Total Special<br/>Revenue<br/>Funds</b> |
|---------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------|-----------------|-----------------------------|--------------------------------------------|
| \$ -                                        | \$ -                                  | \$ -                                  | \$ 41,187                              | \$ 41,206                                | \$ -            | \$ 49,448                   | \$ 131,841                                 |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | 720                                        |
| -                                           | -                                     | 4,342                                 | -                                      | -                                        | -               | -                           | 4,342                                      |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | 704                                   | -                                      | 122                                      | -               | 246                         | 3,933                                      |
| -                                           | 34,695                                | 13,690                                | 14                                     | -                                        | 20,257          | 154                         | 119,184                                    |
| -                                           | -                                     | 139                                   | -                                      | -                                        | -               | 5,873                       | 24,387                                     |
| 562                                         | -                                     | 712                                   | -                                      | -                                        | -               | -                           | 1,274                                      |
| 114                                         | 168                                   | 1,119                                 | 3,855                                  | 2,615                                    | 2,074           | 6,925                       | 21,452                                     |
| -                                           | -                                     | 44                                    | -                                      | -                                        | -               | -                           | 44                                         |
| -                                           | -                                     | 5,103                                 | (1)                                    | -                                        | -               | 512                         | 5,709                                      |
| <u>676</u>                                  | <u>34,863</u>                         | <u>25,853</u>                         | <u>45,055</u>                          | <u>43,943</u>                            | <u>22,331</u>   | <u>63,158</u>               | <u>312,886</u>                             |
| -                                           | 13                                    | 10,082                                | 251                                    | 254                                      | 2,584           | 4,268                       | 21,502                                     |
| -                                           | -                                     | 4,678                                 | 38,803                                 | 36,617                                   | 2,110           | 171                         | 82,379                                     |
| -                                           | 33,515                                | 1,150                                 | -                                      | -                                        | 5,153           | 27,630                      | 95,879                                     |
| -                                           | -                                     | 3,600                                 | -                                      | 5,378                                    | 145             | -                           | 19,283                                     |
| -                                           | -                                     | 119                                   | -                                      | -                                        | -               | -                           | 119                                        |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| 496                                         | 299                                   | 6,565                                 | 6,442                                  | 193                                      | 5,308           | 13,942                      | 51,841                                     |
| <u>496</u>                                  | <u>33,827</u>                         | <u>26,202</u>                         | <u>45,496</u>                          | <u>42,442</u>                            | <u>15,300</u>   | <u>46,011</u>               | <u>271,011</u>                             |
| 180                                         | 1,036                                 | (349)                                 | (441)                                  | 1,501                                    | 7,031           | 17,147                      | 41,875                                     |
| -                                           | -                                     | 356                                   | -                                      | -                                        | 93              | -                           | 449                                        |
| -                                           | -                                     | -                                     | -                                      | -                                        | (5,693)         | (116)                       | (21,773)                                   |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | -                                     | -                                      | -                                        | -               | -                           | -                                          |
| -                                           | -                                     | 356                                   | -                                      | -                                        | (5,600)         | (116)                       | (21,324)                                   |
| 180                                         | 1,036                                 | 7                                     | (441)                                  | 1,501                                    | 1,431           | 17,031                      | 20,551                                     |
| <u>1,400</u>                                | <u>936</u>                            | <u>17,317</u>                         | <u>67,603</u>                          | <u>46,932</u>                            | <u>1,994</u>    | <u>102,253</u>              | <u>324,189</u>                             |
| <u>\$ 1,580</u>                             | <u>\$ 1,972</u>                       | <u>\$ 17,324</u>                      | <u>\$ 67,162</u>                       | <u>\$ 48,433</u>                         | <u>\$ 3,425</u> | <u>\$ 119,284</u>           | <u>\$ 344,740</u>                          |

**City of Mesa, Arizona**

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal year Ended June 30, 2025

(in thousands)

|                                                              | <b>Capital Projects Funds</b>                |                                         |              |                          |                |                                                 |
|--------------------------------------------------------------|----------------------------------------------|-----------------------------------------|--------------|--------------------------|----------------|-------------------------------------------------|
|                                                              | <b>Community<br/>Facilities<br/>District</b> | <b>General<br/>Capital<br/>Projects</b> | <b>Parks</b> | <b>Public<br/>Safety</b> | <b>Streets</b> | <b>Total<br/>Capital<br/>Projects<br/>Funds</b> |
| <b>Revenues:</b>                                             |                                              |                                         |              |                          |                |                                                 |
| Sales Taxes                                                  | \$ -                                         | \$ -                                    | \$ -         | \$ -                     | \$ -           | \$ -                                            |
| Property Taxes                                               | -                                            | -                                       | -            | -                        | -              | -                                               |
| Occupancy Taxes                                              | -                                            | -                                       | -            | -                        | -              | -                                               |
| Special Assessments                                          | -                                            | -                                       | -            | -                        | -              | -                                               |
| Licenses and Permits                                         | -                                            | -                                       | -            | -                        | -              | -                                               |
| Intergovernmental                                            | -                                            | 44                                      | -            | -                        | 5,884          | 5,928                                           |
| Charges for Services                                         | -                                            | -                                       | -            | -                        | 204            | 204                                             |
| Fines and Forfeitures                                        | -                                            | -                                       | -            | -                        | -              | -                                               |
| Investment Income (Loss)                                     | -                                            | 5,652                                   | 3            | (783)                    | 3,724          | 8,596                                           |
| Contributions                                                | -                                            | -                                       | -            | -                        | -              | -                                               |
| Miscellaneous Revenues                                       | -                                            | 166                                     | -            | -                        | -              | 166                                             |
| Total Revenues                                               | -                                            | 5,862                                   | 3            | (783)                    | 9,812          | 14,894                                          |
| <b>Expenditures</b>                                          |                                              |                                         |              |                          |                |                                                 |
| Current:                                                     |                                              |                                         |              |                          |                |                                                 |
| General Government                                           | -                                            | -                                       | -            | -                        | -              | -                                               |
| Public Safety                                                | -                                            | -                                       | -            | -                        | -              | -                                               |
| Community Environment                                        | -                                            | -                                       | -            | -                        | -              | -                                               |
| Cultural-Recreational                                        | -                                            | -                                       | -            | -                        | -              | -                                               |
| Debt Services:                                               |                                              |                                         |              |                          |                |                                                 |
| Principal Retirement                                         | -                                            | -                                       | -            | -                        | -              | -                                               |
| Interest on Bonds                                            | -                                            | -                                       | -            | -                        | -              | -                                               |
| Services Charges                                             | -                                            | -                                       | -            | -                        | -              | -                                               |
| Cost of Issuance                                             | -                                            | 53                                      | 115          | 489                      | 115            | 772                                             |
| Capital Outlay                                               | -                                            | 83,486                                  | 8,532        | 24,585                   | 18,763         | 135,366                                         |
| Total Expenditures                                           | -                                            | 83,539                                  | 8,647        | 25,074                   | 18,878         | 136,138                                         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                                            | (77,677)                                | (8,644)      | (25,857)                 | (9,066)        | (121,244)                                       |
| <b>Other Financing Sources (Uses):</b>                       |                                              |                                         |              |                          |                |                                                 |
| Transfers In                                                 | -                                            | 71,263                                  | 65           | 44                       | -              | 71,372                                          |
| Transfers Out                                                | (338)                                        | -                                       | (65)         | (44)                     | -              | (447)                                           |
| Sale of Capital Assets                                       | -                                            | 211                                     | -            | -                        | -              | 211                                             |
| Face Amounts of Bonds Issued                                 | -                                            | 10,677                                  | 22,935       | 97,742                   | 22,912         | 154,266                                         |
| Face Amounts of Leases Issued                                | -                                            | -                                       | -            | -                        | -              | -                                               |
| Premium on Issuance of Bonds (Net)                           | -                                            | 1,012                                   | 2,173        | 9,261                    | 2,171          | 14,617                                          |
| Total Other Financing Sources (Uses)                         | (338)                                        | 83,163                                  | 25,108       | 107,003                  | 25,083         | 240,019                                         |
| Net Change in Fund Balances                                  | (338)                                        | 5,486                                   | 16,464       | 81,146                   | 16,017         | 118,775                                         |
| Fund Balances - Beginning                                    | 338                                          | 87,734                                  | 159          | (27,307)                 | 52,987         | 113,911                                         |
| Fund Balances - Ending                                       | \$ -                                         | \$ 93,220                               | \$ 16,623    | \$ 53,839                | \$ 69,004      | \$ 232,686                                      |

(Concluded)

| Debt Service Funds                  |                           |                                |                                     |                                |                                         |
|-------------------------------------|---------------------------|--------------------------------|-------------------------------------|--------------------------------|-----------------------------------------|
| Community<br>Facilities<br>District | Excise Tax<br>Obligations | General<br>Obligation<br>Bonds | Highway<br>User<br>Revenue<br>Bonds | Total Debt<br>Service<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
| \$ -                                | \$ -                      | \$ -                           | \$ -                                | \$ -                           | \$ 131,841                              |
| 5,845                               | -                         | 39,978                         | -                                   | 45,823                         | 46,543                                  |
| -                                   | -                         | -                              | -                                   | -                              | 4,342                                   |
| 1,737                               | -                         | -                              | -                                   | 1,737                          | 1,737                                   |
| -                                   | -                         | -                              | -                                   | -                              | 3,933                                   |
| -                                   | -                         | -                              | -                                   | -                              | 125,112                                 |
| -                                   | 108                       | -                              | -                                   | 108                            | 24,699                                  |
| -                                   | -                         | 592                            | -                                   | 592                            | 1,866                                   |
| 430                                 | -                         | 798                            | -                                   | 1,228                          | 31,276                                  |
| -                                   | -                         | -                              | -                                   | -                              | 44                                      |
| -                                   | -                         | -                              | -                                   | -                              | 5,875                                   |
| 8,012                               | 108                       | 41,368                         | -                                   | 49,488                         | 377,268                                 |
| -                                   | -                         | -                              | -                                   | -                              | 21,502                                  |
| -                                   | -                         | -                              | -                                   | -                              | 82,379                                  |
| -                                   | -                         | -                              | -                                   | -                              | 95,879                                  |
| -                                   | -                         | -                              | -                                   | -                              | 19,283                                  |
| 3,588                               | 1,375                     | 33,745                         | 10,880                              | 49,588                         | 49,707                                  |
| 3,653                               | 1,324                     | 13,590                         | 786                                 | 19,353                         | 19,353                                  |
| 7                                   | 2                         | 4                              | -                                   | 13                             | 13                                      |
| -                                   | -                         | -                              | -                                   | -                              | 772                                     |
| -                                   | -                         | -                              | -                                   | -                              | 187,207                                 |
| 7,248                               | 2,701                     | 47,339                         | 11,666                              | 68,954                         | 476,103                                 |
| 764                                 | (2,593)                   | (5,971)                        | (11,666)                            | (19,466)                       | (98,835)                                |
| 338                                 | 2,593                     | 5,144                          | 11,666                              | 19,741                         | 74,445                                  |
| -                                   | -                         | (636)                          | -                                   | (636)                          | (5,739)                                 |
| -                                   | -                         | -                              | -                                   | -                              | 211                                     |
| -                                   | -                         | -                              | -                                   | -                              | 154,266                                 |
| -                                   | -                         | -                              | -                                   | -                              | -                                       |
| -                                   | -                         | 5                              | -                                   | 5                              | 14,622                                  |
| 338                                 | 2,593                     | 4,513                          | 11,666                              | 19,110                         | 237,805                                 |
| 1,102                               | -                         | (1,458)                        | -                                   | (356)                          | 138,970                                 |
| 3,221                               | -                         | 5,562                          | -                                   | 8,783                          | 446,883                                 |
| \$ 4,323                            | \$ -                      | \$ 4,104                       | \$ -                                | \$ 8,427                       | \$ 585,853                              |

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Warehouse, Maintenance and Services Fund** was established to finance and account for services and commodities furnished by Fleet Support, Materials and Supply, and Printing and Graphics.

**Property and Public Liability Self-Insurance Fund** was established to account for the cost of claims incurred by the City under a self-insurance program.

**Workers' Compensation Self-Insurance Fund** was established to account for the costs of maintaining a self-insurance program for industrial insurance at the City.

**Employee Benefits Self-Insurance Fund** was established to account for the costs of maintaining the City's self-insurance health program

**City of Mesa, Arizona**  
Internal Service Funds  
Combining Statement of Net Position  
June, 30, 2025  
(in thousands)

|                                                 | <b>Warehouse,<br/>Maintenance<br/>and Services</b> | <b>Property<br/>and Public<br/>Liability Self<br/>Insurance</b> | <b>Workers'<br/>Compensation<br/>Self Insurance</b> | <b>Employee<br/>Benefits Self<br/>Insurance</b> | <b>Total</b>      |
|-------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------|
| <b>Assets</b>                                   |                                                    |                                                                 |                                                     |                                                 |                   |
| Current Assets:                                 |                                                    |                                                                 |                                                     |                                                 |                   |
| Pooled Cash and Investments                     | \$ 22                                              | \$ 11,180                                                       | \$ 7,702                                            | \$ 35,682                                       | \$ 54,586         |
| Accounts Receivable                             | 645                                                | -                                                               | -                                                   | 663                                             | 1,308             |
| Accrued Premiums Receivable                     | -                                                  | -                                                               | -                                                   | 11                                              | 11                |
| Accrued Interest Receivable                     | -                                                  | 42                                                              | 29                                                  | 91                                              | 162               |
| Inventory                                       | 14,646                                             | -                                                               | -                                                   | -                                               | 14,646            |
| Deposits and Prepaid Costs                      | 15                                                 | 1,784                                                           | 385                                                 | -                                               | 2,184             |
| Total Current Assets                            | <u>15,328</u>                                      | <u>13,006</u>                                                   | <u>8,116</u>                                        | <u>36,447</u>                                   | <u>72,897</u>     |
| <b>Noncurrent Assets:</b>                       |                                                    |                                                                 |                                                     |                                                 |                   |
| Capital Assets, Not Being Depreciated           | 53                                                 | -                                                               | -                                                   | 68                                              | 121               |
| Capital Assets, Being Depreciated, Net          | 3,008                                              | -                                                               | -                                                   | 6,910                                           | 9,918             |
| Total Noncurrent Assets                         | <u>3,061</u>                                       | <u>-</u>                                                        | <u>-</u>                                            | <u>6,978</u>                                    | <u>10,039</u>     |
| Total Assets                                    | <u>18,389</u>                                      | <u>13,006</u>                                                   | <u>8,116</u>                                        | <u>43,425</u>                                   | <u>82,936</u>     |
| <b>Deferred Outflows of Resources</b>           |                                                    |                                                                 |                                                     |                                                 |                   |
| Pensions and OPEB                               | 3,299                                              | 283                                                             | 254                                                 | 513                                             | 4,349             |
| Total Deferred Outflows of Resources            | <u>3,299</u>                                       | <u>283</u>                                                      | <u>254</u>                                          | <u>513</u>                                      | <u>4,349</u>      |
| Total Assets and Deferred Outflows of Resources | <u>21,688</u>                                      | <u>13,289</u>                                                   | <u>8,370</u>                                        | <u>43,938</u>                                   | <u>87,285</u>     |
| <b>Liabilities</b>                              |                                                    |                                                                 |                                                     |                                                 |                   |
| Current Liabilities                             |                                                    |                                                                 |                                                     |                                                 |                   |
| Accounts Payable and Accrued Liabilities        | 2,102                                              | 53                                                              | 86                                                  | 3,750                                           | 5,991             |
| Claims Payable                                  | -                                                  | 10,634                                                          | 22,682                                              | 6,630                                           | 39,946            |
| Due to Other Funds                              | 4,947                                              | -                                                               | -                                                   | -                                               | 4,947             |
| Current Portion of OPEB Liability               | 609                                                | 30                                                              | 35                                                  | 111                                             | 785               |
| Current Portion of Compensated Absences         | 164                                                | 14                                                              | 45                                                  | 13                                              | 236               |
| Total Current Liabilities                       | <u>7,822</u>                                       | <u>10,731</u>                                                   | <u>22,848</u>                                       | <u>10,504</u>                                   | <u>51,905</u>     |
| Long-Term Liabilities                           |                                                    |                                                                 |                                                     |                                                 |                   |
| Compensated Absences                            | 823                                                | 134                                                             | 51                                                  | 141                                             | 1,149             |
| Net Pension and OPEB Liability                  | 29,977                                             | 2,059                                                           | 2,039                                               | 5,033                                           | 39,108            |
| Total Long-Term Liabilities                     | <u>30,800</u>                                      | <u>2,193</u>                                                    | <u>2,090</u>                                        | <u>5,174</u>                                    | <u>40,257</u>     |
| Total Liabilities                               | <u>38,622</u>                                      | <u>12,924</u>                                                   | <u>24,938</u>                                       | <u>15,678</u>                                   | <u>92,162</u>     |
| <b>Deferred Inflows of Resources</b>            |                                                    |                                                                 |                                                     |                                                 |                   |
| Pensions and OPEB                               | 3,565                                              | 212                                                             | 226                                                 | 622                                             | 4,625             |
| Total Deferred Inflows of Resources             | <u>3,565</u>                                       | <u>212</u>                                                      | <u>226</u>                                          | <u>622</u>                                      | <u>4,625</u>      |
| <b>Net Position</b>                             |                                                    |                                                                 |                                                     |                                                 |                   |
| Net Investment in Capital Assets                | 3,061                                              | -                                                               | -                                                   | 6,978                                           | 10,039            |
| Unrestricted                                    | (23,560)                                           | 153                                                             | (16,794)                                            | 20,660                                          | (19,541)          |
| Total Net Position                              | <u>\$ (20,499)</u>                                 | <u>\$ 153</u>                                                   | <u>\$ (16,794)</u>                                  | <u>\$ 27,638</u>                                | <u>\$ (9,502)</u> |

**City of Mesa, Arizona**

Internal Service Funds

Combining Statement of Revenue, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2025

(In thousands)

|                                    | Warehouse,<br>Maintenance<br>and Services | Property and<br>Public<br>Liability Self<br>Insurance | Workers'<br>Compensation<br>Self Insurance | Employee<br>Benefits Self<br>Insurance | Total             |
|------------------------------------|-------------------------------------------|-------------------------------------------------------|--------------------------------------------|----------------------------------------|-------------------|
| <b>Operating Revenues:</b>         |                                           |                                                       |                                            |                                        |                   |
| Charges For Services:              |                                           |                                                       |                                            |                                        |                   |
| Warehouse                          | \$ 12,077                                 | \$ -                                                  | \$ -                                       | \$ -                                   | \$ 12,077         |
| Fleet Support Services             | 32,775                                    | -                                                     | -                                          | -                                      | 32,775            |
| Printing and Graphics              | 810                                       | -                                                     | -                                          | -                                      | 810               |
| Self-Insurance Contributions:      |                                           |                                                       |                                            |                                        |                   |
| Employee                           | -                                         | -                                                     | -                                          | 13,971                                 | 13,971            |
| City                               | -                                         | 10,359                                                | 4,630                                      | 90,740                                 | 105,729           |
| State Retirement System            | -                                         | -                                                     | -                                          | 5,409                                  | 5,409             |
| Other                              | 571                                       | -                                                     | -                                          | 12,739                                 | 13,310            |
| Total Operating Revenues           | <u>46,233</u>                             | <u>10,359</u>                                         | <u>4,630</u>                               | <u>122,859</u>                         | <u>184,081</u>    |
| <b>Operating Expenses:</b>         |                                           |                                                       |                                            |                                        |                   |
| Warehouse, Maintenance & Services: |                                           |                                                       |                                            |                                        |                   |
| Warehouse                          | 11,436                                    | -                                                     | -                                          | -                                      | 11,436            |
| Fleet Support Services             | 32,211                                    | -                                                     | -                                          | -                                      | 32,211            |
| Printing and Graphics              | 943                                       | -                                                     | -                                          | -                                      | 943               |
| Self-Insurance:                    |                                           |                                                       |                                            |                                        |                   |
| Administrative Costs               | -                                         | 667                                                   | 2,052                                      | 10,850                                 | 13,569            |
| Claims and Premiums Paid           | -                                         | 6,836                                                 | 406                                        | 127,804                                | 135,046           |
| Total Operating Expenses           | <u>44,590</u>                             | <u>7,503</u>                                          | <u>2,458</u>                               | <u>138,654</u>                         | <u>193,205</u>    |
| Operating Income (Loss) Before     | 1,643                                     | 2,856                                                 | 2,172                                      | (15,795)                               | (9,124)           |
| Depreciation and Amortization      | <u>(282)</u>                              | <u>-</u>                                              | <u>-</u>                                   | <u>(134)</u>                           | <u>(416)</u>      |
| Operating Income (Loss)            | <u>1,361</u>                              | <u>2,856</u>                                          | <u>2,172</u>                               | <u>(15,929)</u>                        | <u>(9,540)</u>    |
| Nonoperating Revenues (Expense):   |                                           |                                                       |                                            |                                        |                   |
| Investment Income/(Loss)           | (319)                                     | 564                                                   | 567                                        | 2,159                                  | 2,971             |
| Lease Interest Expenses            | -                                         | -                                                     | -                                          | (1)                                    | (1)               |
| Gain/(Loss) on Disposal of Capital | 5                                         | -                                                     | -                                          | -                                      | 5                 |
| Total Nonoperating Revenues        | <u>(314)</u>                              | <u>564</u>                                            | <u>567</u>                                 | <u>2,158</u>                           | <u>2,975</u>      |
| Income (Loss) Before Capital       | 1,047                                     | 3,420                                                 | 2,739                                      | (13,771)                               | (6,565)           |
| Transfers In                       | 408                                       | -                                                     | -                                          | 11,148                                 | 11,556            |
| Transfers Out                      | <u>(73)</u>                               | <u>-</u>                                              | <u>-</u>                                   | <u>(39)</u>                            | <u>(112)</u>      |
| Change in Net Position             | 1,382                                     | 3,420                                                 | 2,739                                      | (2,662)                                | 4,879             |
| Total Net Position - Beginning     | <u>(21,881)</u>                           | <u>(3,268)</u>                                        | <u>(19,533)</u>                            | <u>30,301</u>                          | <u>(14,381)</u>   |
| Total Net Position - Ending        | <u>\$ (20,499)</u>                        | <u>\$ 152</u>                                         | <u>\$ (16,794)</u>                         | <u>\$ 27,639</u>                       | <u>\$ (9,502)</u> |

**City of Mesa, Arizona**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2025  
(In thousands)

|                                                                             | <b>Warehouse,<br/>Maintenance<br/>and Services</b> | <b>Property<br/>and<br/>Public<br/>Liability<br/>Self<br/>Insurance</b> | <b>Workers'<br/>Compensation<br/>Self Insurance</b> | <b>Employee<br/>Benefits<br/>Self<br/>Insurance</b> | <b>Total</b>     |
|-----------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|------------------|
| Cash Flows from Operating Activities:                                       |                                                    |                                                                         |                                                     |                                                     |                  |
| Cash Received from Users                                                    | \$ 46,046                                          | \$ 10,359                                                               | \$ 4,630                                            | \$ 122,405                                          | \$183,440        |
| Cash Payments to Suppliers                                                  | (39,491)                                           | (8,636)                                                                 | (6,379)                                             | (135,432)                                           | (189,938)        |
| Cash Payments to Employees                                                  | (7,899)                                            | (942)                                                                   | (735)                                               | (1,072)                                             | (10,648)         |
| Net Cash Provided By/(Used For)<br>Operating Activities                     | (1,344)                                            | 781                                                                     | (2,484)                                             | \$ (14,099)                                         | (17,146)         |
| Cash Flows From Noncapital Financing Activities:                            |                                                    |                                                                         |                                                     |                                                     |                  |
| Increase in Interfund Payable                                               | 1,395                                              | -                                                                       | -                                                   | -                                                   | 1,395            |
| Transfers In From Other Funds                                               | 408                                                | -                                                                       | -                                                   | 11,148                                              | 11,556           |
| Transfers Out To Other Funds                                                | (73)                                               | -                                                                       | -                                                   | (39)                                                | (112)            |
| Net Cash Provided By/(Used For)<br>Noncapital Financing Activities          | 1,730                                              | -                                                                       | -                                                   | 11,109                                              | 12,839           |
| Cash Flows from Capital and Related<br>Financing Activities:                |                                                    |                                                                         |                                                     |                                                     |                  |
| Acquisition and Construction of Capital Assets                              | (50)                                               | -                                                                       | -                                                   | (6,249)                                             | (6,299)          |
| Proceeds from the Sale of Capital Assets                                    | 5                                                  | -                                                                       | -                                                   | -                                                   | 5                |
| Principal Paid on Leases                                                    | -                                                  | -                                                                       | -                                                   | (78)                                                | (78)             |
| Interest Income/(Expense) on Lease                                          | -                                                  | -                                                                       | -                                                   | (3)                                                 | (3)              |
| Net Cash Provided By/(Used For) Capital<br>and Related Financing Activities | (45)                                               | -                                                                       | -                                                   | (6,330)                                             | (6,375)          |
| Cash Flows from Investing Activities:                                       |                                                    |                                                                         |                                                     |                                                     |                  |
| Interest Received on Investments                                            | (319)                                              | 560                                                                     | 577                                                 | 2,243                                               | 3,061            |
| Net Cash Provided By/(Used For) Investing                                   | (319)                                              | 560                                                                     | 577                                                 | 2,243                                               | 3,061            |
| Net Change in Pooled Cash and Investments                                   | 22                                                 | 1,341                                                                   | (1,907)                                             | (7,077)                                             | (7,621)          |
| Pooled Cash and Investments at Beginning of                                 | -                                                  | 9,839                                                                   | 9,609                                               | 42,759                                              | 62,207           |
| Pooled Cash and Investments at End of Year                                  | <u>\$ 22</u>                                       | <u>\$ 11,180</u>                                                        | <u>\$ 7,702</u>                                     | <u>\$ 35,682</u>                                    | <u>\$ 54,586</u> |

**City of Mesa, Arizona**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2025  
(In thousands)

|                                                                                                            | <b>Warehouse,<br/>Maintenance<br/>and Services</b> | <b>Property<br/>and<br/>Public<br/>Liability<br/>Self<br/>Insurance</b> | <b>Workers'<br/>Compensation<br/>Self Insurance</b> | <b>Employee<br/>Benefits<br/>Self<br/>Insurance</b> | <b>Total</b> |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------|
| Reconciliation of Operating Income/(Loss) to Net Cash Provided By/(Used For) Operating Activities:         |                                                    |                                                                         |                                                     |                                                     |              |
| Operating Income/(Loss)                                                                                    | \$ 1,361                                           | \$ 2,856                                                                | \$ 2,172                                            | \$ (15,929)                                         | \$ (9,540)   |
| Adjustments to Reconcile Operating Income/ (Loss) to Net Cash Provided By/(Used For) Operating Activities: |                                                    |                                                                         |                                                     |                                                     |              |
| Depreciation and Amortization                                                                              | 282                                                | -                                                                       | -                                                   | 134                                                 | 416          |
| Changes in Assets and Liabilities:                                                                         |                                                    |                                                                         |                                                     |                                                     |              |
| (Increase)/Decrease in Receivables                                                                         | (187)                                              | -                                                                       | -                                                   | (454)                                               | (641)        |
| (Increase)/Decrease in Inventory                                                                           | (2,662)                                            | -                                                                       | -                                                   | -                                                   | (2,662)      |
| (Increase)/Decrease in Deposits and Prepaid                                                                | (5)                                                | (266)                                                                   | (79)                                                | -                                                   | (350)        |
| (Increase)/Decrease in Deferred Outflows                                                                   | (147)                                              | 14                                                                      | (54)                                                | (27)                                                | (214)        |
| Increase/(Decrease) in Accounts Payable                                                                    | 35                                                 | 51                                                                      | (61)                                                | 989                                                 | 1,014        |
| Increase/(Decrease) in Pension and OPEB                                                                    | 732                                                | (498)                                                                   | 284                                                 | 441                                                 | 959          |
| Increase/(Decrease) in Deferred Inflows                                                                    | (857)                                              | (80)                                                                    | 5                                                   | (117)                                               | (1,049)      |
| Increase/(Decrease) in Other Accrued Expenses                                                              | 104                                                | (1,296)                                                                 | (4,751)                                             | 864                                                 | (5,079)      |
| Total Adjustments                                                                                          | (2,705)                                            | (2,075)                                                                 | (4,656)                                             | 1,830                                               | (7,606)      |
| Net Cash Provided By/(Used for) Operating                                                                  | \$ (1,344)                                         | \$ 781                                                                  | \$ (2,484)                                          | \$ (14,099)                                         | \$ (17,146)  |
| Noncash Transactions Affecting Financial Position:                                                         |                                                    |                                                                         |                                                     |                                                     |              |
| Gain/(Loss) on Disposal of Capital Assets                                                                  | 5                                                  | -                                                                       | -                                                   | -                                                   | 5            |

CITY OF MESA, AZ

# SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



**City of Mesa, Arizona**  
Supplemental Information  
Budgetary Comparison Schedule (Non-GAAP Basis)  
Cadence Community Facilities Districts  
For the Fiscal Year Ended June 30, 2024  
(in thousands)

|                                                              | <b>Budgeted Amounts</b> |               |                                         |                                       |
|--------------------------------------------------------------|-------------------------|---------------|-----------------------------------------|---------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>  | <b>Actual -<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget</b> |
| Revenues:                                                    |                         |               |                                         |                                       |
| Property Taxes                                               | \$ 1,026                | \$ 1,026      | \$ 1,026                                | \$ -                                  |
| Special Assessments                                          | 317                     | 317           | 324                                     | 7                                     |
| Investment Income                                            | -                       | -             | 29                                      | 29                                    |
| Contributions                                                | 22                      | 22            | -                                       | (22)                                  |
| Total Revenues                                               | <u>1,365</u>            | <u>1,365</u>  | <u>1,379</u>                            | <u>14</u>                             |
| Expenditures:                                                |                         |               |                                         |                                       |
| Current:                                                     |                         |               |                                         |                                       |
| General Government                                           | 148                     | 148           | 36                                      | 112                                   |
| Debt Service:                                                |                         |               |                                         |                                       |
| Principal Retirement                                         | 618                     | 618           | 618                                     | -                                     |
| Interest on Bonds                                            | 616                     | 616           | 616                                     | -                                     |
| Service Charges                                              | 2                       | 2             | 2                                       | -                                     |
| Total Expenditures                                           | <u>1,384</u>            | <u>1,384</u>  | <u>1,272</u>                            | <u>112</u>                            |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(19)</u>             | <u>(19)</u>   | <u>107</u>                              | <u>126</u>                            |
| Net Change in Fund Balances                                  | <u>(19)</u>             | <u>(19)</u>   | <u>107</u>                              | <u>126</u>                            |
| Fund Balance - Beginning                                     | <u>771</u>              | <u>771</u>    | <u>771</u>                              | <u>-</u>                              |
| Fund Balance - Ending                                        | <u>\$ 752</u>           | <u>\$ 752</u> | <u>\$ 878</u>                           | <u>\$ 126</u>                         |

Note: Cadence is a blended component unit. Budget is approved by the Board at the District Level.

**City of Mesa, Arizona**

## Supplemental Information

## Budgetary Comparison Schedule (Non-GAAP Basis)

## Eastmark 1 Community Facilities Districts

For the Fiscal year Ended June 30, 2025

(in thousands)

|                                 | <b>Budgeted Amounts</b> |                 | <b>Actual -</b>  | <b>Variance with</b> |
|---------------------------------|-------------------------|-----------------|------------------|----------------------|
|                                 | <b>Original</b>         | <b>Final</b>    | <b>Budgetary</b> | <b>Final Budget</b>  |
|                                 |                         |                 | <b>Basis</b>     |                      |
| Revenues:                       |                         |                 |                  |                      |
| Property Taxes                  | \$ 5,307                | \$ 5,307        | \$ 5,169         | \$ (138)             |
| Special Assessments             | 1,305                   | 1,305           | 1,369            | 64                   |
| Investment Income               | -                       | -               | 202              | 202                  |
| Total Revenues                  | <u>6,612</u>            | <u>6,612</u>    | <u>6,740</u>     | <u>128</u>           |
| Expenditures:                   |                         |                 |                  |                      |
| Current:                        |                         |                 |                  |                      |
| General Government              | 567                     | 567             | 215              | 352                  |
| Debt Service:                   |                         |                 |                  |                      |
| Principal Retirement            | 2,875                   | 2,875           | 2,762            | 113                  |
| Interest on Bonds               | 2,916                   | 2,916           | 2,799            | 117                  |
| Service Charges                 | 5                       | 5               | 4                | 1                    |
| Capital Outlay                  | 17,000                  | 17,000          | -                | 17,000               |
| Total Expenditures              | <u>23,363</u>           | <u>23,363</u>   | <u>5,780</u>     | <u>17,583</u>        |
| Excess (Deficiency) of Revenues |                         |                 |                  |                      |
| Over (Under) Expenditures       | <u>(16,751)</u>         | <u>(16,751)</u> | <u>960</u>       | <u>17,711</u>        |
| Other Financing Uses:           |                         |                 |                  |                      |
| Face Amount of Bonds Issued     | <u>17,000</u>           | <u>17,000</u>   | <u>-</u>         | <u>17,000</u>        |
| Total Other Financing Uses      | <u>17,000</u>           | <u>17,000</u>   | <u>-</u>         | <u>17,000</u>        |
| Net Change in Fund Balances     | 249                     | 249             | 960              | 711                  |
| Fund Balance - Beginning        | <u>3,898</u>            | <u>3,898</u>    | <u>3,898</u>     | <u>-</u>             |
| Fund Balance - Ending           | <u>\$ 4,147</u>         | <u>\$ 4,147</u> | <u>\$ 4,858</u>  | <u>\$ 711</u>        |

Note: Eastmark 1 is a blended component unit. Budget is approved by the Board at the District Level.

**City of Mesa, Arizona**  
Supplemental Information  
Budgetary Comparison Schedule (Non-GAAP Basis)  
Eastmark 2 Community Facilities Districts  
For the Fiscal year Ended June 30, 2025  
(in thousands)

|                                                              | <b>Budgeted Amounts</b> |                | <b>Actual -</b>  | <b>Variance with</b> |
|--------------------------------------------------------------|-------------------------|----------------|------------------|----------------------|
|                                                              | <b>Original</b>         | <b>Final</b>   | <b>Budgetary</b> | <b>Final Budget</b>  |
|                                                              |                         |                | <b>Basis</b>     |                      |
| Revenues:                                                    |                         |                |                  |                      |
| Property Taxes                                               | \$ 372                  | \$ 372         | \$ 371           | \$ (1)               |
| Special Assessments                                          | 43                      | 43             | 44               | 1                    |
| Investment Income                                            | -                       | -              | 12               | 12                   |
| Contributions                                                | 76                      | 76             | -                | (76)                 |
| Total Revenues                                               | <u>491</u>              | <u>491</u>     | <u>427</u>       | <u>(64)</u>          |
| Expenditures:                                                |                         |                |                  |                      |
| Current:                                                     |                         |                |                  |                      |
| General Government                                           | 118                     | 118            | 49               | 69                   |
| Debt Service:                                                |                         |                |                  |                      |
| Principal Retirement                                         | 205                     | 205            | 208              | (3)                  |
| Interest on Bonds                                            | 239                     | 239            | 238              | 1                    |
| Service Charges                                              | 1                       | 1              | 1                | -                    |
| Capital Outlay                                               | 1,500                   | 1,500          | -                | 1,500                |
| Total Expenditures                                           | <u>2,063</u>            | <u>2,063</u>   | <u>496</u>       | <u>1,567</u>         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(1,572)</u>          | <u>(1,572)</u> | <u>(69)</u>      | <u>1,503</u>         |
| Other Financing Uses:                                        |                         |                |                  |                      |
| Face Amount of Bonds Issued                                  | <u>1,500</u>            | <u>1,500</u>   | <u>-</u>         | <u>1,500</u>         |
| Total Other Financing Uses                                   | <u>1,500</u>            | <u>1,500</u>   | <u>-</u>         | <u>1,500</u>         |
| Net Change in Fund Balances                                  | (72)                    | (72)           | (69)             | 3                    |
| Fund Balance - Beginning                                     | <u>293</u>              | <u>293</u>     | <u>293</u>       | <u>-</u>             |
| Fund Balance - Ending                                        | <u>\$ 221</u>           | <u>\$ 221</u>  | <u>\$ 224</u>    | <u>\$ 3</u>          |

Note: Eastmark 2 is a blended component unit. Budget is approved by the Board at the District Level.



mesa·az

# CITY OF MESA, AZ STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED • JUNE 30, 2025



# STATISTICAL SECTION

This part of the City of Mesa's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <b>Contents</b>                                                                                                                                                                                                                                    | <b>Page</b>                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.                                                                     | <a href="#"><u>119</u></a> |
| <b>Revenue Capacity</b><br>These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.                                                                                             | <a href="#"><u>131</u></a> |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.                             | <a href="#"><u>134</u></a> |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | <a href="#"><u>142</u></a> |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | <a href="#"><u>144</u></a> |

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

**City of Mesa, Arizona**

Table 1

Net Position by Components

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

|                                            | <u>2025</u>         | <u>2024</u>         | <u>2023</u>         | <u>2022</u>         |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>             |                     |                     |                     |                     |
| Net Investment in Capital Assets           | \$ 1,377,695        | \$ 1,317,166        | \$ 1,229,376        | \$ 1,246,582        |
| Restricted                                 | 415,817             | 382,409             | 357,673             | 249,626             |
| Unrestricted                               | <u>(929,372)</u>    | <u>(914,825)</u>    | <u>(848,807)</u>    | <u>(889,238)</u>    |
| Total Governmental Activities Net Position | <u>\$ 864,140</u>   | <u>\$ 784,750</u>   | <u>\$ 738,242</u>   | <u>\$ 606,970</u>   |
| <b>BUSINESS-TYPE ACTIVITIES</b>            |                     |                     |                     |                     |
| Net Investment in Capital Assets           | \$ 100,008          | \$ 82,964           | \$ 92,703           | \$ 24,204           |
| Restricted                                 | 97,102              | 122,088             | 114,531             | 95,840              |
| Unrestricted                               | <u>297,881</u>      | <u>269,392</u>      | <u>245,653</u>      | <u>324,907</u>      |
| Total Business-type Activities             | <u>\$ 494,991</u>   | <u>\$ 474,444</u>   | <u>\$ 452,887</u>   | <u>\$ 444,951</u>   |
| <b>PRIMARY GOVERNMENT</b>                  |                     |                     |                     |                     |
| Net Investment in Capital Assets           | \$ 1,477,703        | \$ 1,400,130        | \$ 1,322,079        | \$ 1,270,786        |
| Restricted                                 | 512,919             | 504,497             | 472,204             | 345,466             |
| Unrestricted                               | <u>(631,491)</u>    | <u>(645,433)</u>    | <u>(603,154)</u>    | <u>(564,331)</u>    |
| Total Primary Government                   | <u>\$ 1,359,131</u> | <u>\$ 1,259,194</u> | <u>\$ 1,191,129</u> | <u>\$ 1,051,921</u> |

**Table 1**  
**(Concluded)**

| <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 1,184,908      | \$ 1,075,182      | \$ 1,038,928      | \$ 1,019,888      | \$ 986,354        | \$ 965,148        |
| 203,284           | 143,839           | 103,164           | 88,305            | 88,721            | 81,941            |
| <u>(841,670)</u>  | <u>(833,300)</u>  | <u>(834,016)</u>  | <u>(858,392)</u>  | <u>(711,367)</u>  | <u>(666,986)</u>  |
| <u>\$ 546,522</u> | <u>\$ 385,721</u> | <u>\$ 308,076</u> | <u>\$ 249,801</u> | <u>\$ 363,708</u> | <u>\$ 380,103</u> |
| \$ 30,965         | \$ 213,576        | \$ 170,427        | \$ 266,012        | \$ 247,598        | \$ 302,521        |
| 70,940            | 63,113            | 47,857            | 40,440            | 43,046            | 49,139            |
| <u>318,490</u>    | <u>252,261</u>    | <u>350,006</u>    | <u>199,531</u>    | <u>228,160</u>    | <u>158,756</u>    |
| <u>\$ 420,395</u> | <u>\$ 528,950</u> | <u>\$ 568,290</u> | <u>\$ 505,983</u> | <u>\$ 518,804</u> | <u>\$ 510,416</u> |
| \$ 1,215,873      | \$ 1,288,758      | \$ 1,209,355      | \$ 1,285,900      | \$ 1,233,952      | \$ 1,267,669      |
| 274,224           | 206,952           | 151,021           | 128,745           | 131,767           | 131,080           |
| <u>(523,180)</u>  | <u>(581,039)</u>  | <u>(484,010)</u>  | <u>(658,861)</u>  | <u>(483,207)</u>  | <u>(508,230)</u>  |
| <u>\$ 966,917</u> | <u>\$ 914,671</u> | <u>\$ 876,366</u> | <u>\$ 755,784</u> | <u>\$ 882,512</u> | <u>\$ 890,519</u> |

**City of Mesa, Arizona**

## Table 2

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

| <b>EXPENSES</b>                                | <b>2025</b>        | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         |
|------------------------------------------------|--------------------|---------------------|---------------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>                |                    |                     |                     |                     |
| General Government                             | \$ 230,515         | \$ 225,391          | \$ 192,361          | \$ 183,241          |
| Public Safety                                  | 494,279            | 525,883             | 430,268             | 416,563             |
| Community Environment                          | 193,168            | 192,205             | 157,270             | 195,594             |
| Cultural-Recreational                          | 113,669            | 107,468             | 100,791             | 86,824              |
| Interest on Long-term Debt                     | 17,949             | 16,793              | 16,138              | 14,720              |
| <b>Total Governmental Activities Expenses</b>  | <b>1,049,580</b>   | <b>1,067,740</b>    | <b>896,827</b>      | <b>896,942</b>      |
| <b>BUSINESS-TYPE ACTIVITIES:</b>               |                    |                     |                     |                     |
| Electric                                       | 43,912             | 49,009              | 48,672              | 43,206              |
| Gas                                            | 46,783             | 46,078              | 51,105              | 43,125              |
| Water                                          | 149,731            | 151,246             | 128,558             | 119,329             |
| Wastewater                                     | 97,809             | 89,096              | 82,752              | 89,219              |
| Solid Waste                                    | 51,305             | 55,972              | 51,213              | 41,001              |
| Airport                                        | 6,691              | 13,302              | 7,671               | 6,002               |
| Golf Course                                    | -                  | -                   | -                   | -                   |
| Convention Center                              | -                  | -                   | -                   | -                   |
| Hohokam Stadium/Fitch Complex                  | -                  | -                   | -                   | -                   |
| Cubs Stadium                                   | -                  | -                   | -                   | -                   |
| District Cooling                               | 1,750              | 1,570               | 1,528               | 1,703               |
| <b>Total Business-type Activities Expenses</b> | <b>397,981</b>     | <b>406,273</b>      | <b>371,499</b>      | <b>343,585</b>      |
| <b>Total Primary Government Expenses</b>       | <b>\$1,447,561</b> | <b>\$ 1,474,013</b> | <b>\$ 1,268,326</b> | <b>\$ 1,240,527</b> |

**Table 2**  
(Continued)

| <b>2021</b>         | <b>2020</b>         | <b>2019</b>       | <b>2018</b>       | <b>2017</b>       | <b>2016</b>       |
|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 175,608          | \$ 134,299          | \$ 119,819        | \$ 105,140        | \$ 101,301        | \$ 96,860         |
| 409,549             | 384,800             | 355,752           | 334,905           | 379,505           | 305,376           |
| 172,840             | 152,847             | 119,506           | 113,916           | 104,173           | 117,120           |
| 66,020              | 62,014              | 58,345            | 54,828            | 55,739            | 54,967            |
| 18,201              | 17,841              | 18,078            | 19,514            | 19,279            | 20,424            |
| <u>842,218</u>      | <u>751,801</u>      | <u>671,500</u>    | <u>628,303</u>    | <u>659,997</u>    | <u>594,747</u>    |
| 30,259              | 25,028              | 22,475            | 25,573            | 26,561            | 27,647            |
| 41,386              | 29,096              | 33,124            | 31,636            | 37,109            | 31,549            |
| 126,797             | 128,244             | 103,821           | 101,005           | 95,608            | 95,574            |
| 77,488              | 80,548              | 57,468            | 74,157            | 71,782            | 73,877            |
| 45,848              | 41,719              | 38,524            | 37,988            | 37,911            | 36,586            |
| 5,958               | 6,004               | 5,029             | 5,308             | 5,125             | 4,865             |
| —                   | 1,233               | 2,117             | 1,965             | 2,028             | 2,575             |
| —                   | 4,150               | 4,413             | 4,481             | 4,711             | 4,252             |
| —                   | 2,615               | 2,748             | 3,174             | 3,687             | 2,913             |
| —                   | 408                 | 7,867             | 5,870             | 6,042             | 5,271             |
| 1,299               | 1,163               | 1,186             | 1,181             | 1,268             | 1,182             |
| <u>329,035</u>      | <u>320,208</u>      | <u>278,772</u>    | <u>292,338</u>    | <u>291,832</u>    | <u>286,291</u>    |
| <u>\$ 1,171,253</u> | <u>\$ 1,072,009</u> | <u>\$ 950,272</u> | <u>\$ 920,641</u> | <u>\$ 951,829</u> | <u>\$ 881,038</u> |

**City of Mesa, Arizona**

## Table 2

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

| <b>PROGRAM REVENUES</b>                         | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>                 |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |
| Licenses and Permits                            | \$ 44,305           | \$ 39,954           | \$ 46,116           | \$ 48,574           |
| Charges for Services                            | 91,658              | 82,356              | 70,224              | 65,920              |
| Fines and Forfeitures                           | 8,248               | 8,787               | 8,968               | 9,672               |
| Other activities                                | 891                 | 919                 | 936                 | 966                 |
| Operating Grants and Contributions              | 77,909              | 78,057              | 75,436              | 105,858             |
| Capital Grants and Contributions                | 8,588               | 14,618              | 24,611              | 44,369              |
| Total Governmental Activities Program Revenues  | <u>231,599</u>      | <u>224,691</u>      | <u>226,291</u>      | <u>275,359</u>      |
| <b>BUSINESS-TYPE ACTIVITIES:</b>                |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |
| Electric                                        | 51,377              | 50,234              | 48,208              | 52,613              |
| Gas                                             | 60,901              | 58,932              | 70,556              | 57,313              |
| Water                                           | 205,684             | 184,360             | 167,806             | 163,263             |
| Wastewater                                      | 110,266             | 98,598              | 95,665              | 93,727              |
| Solid Waste                                     | 76,885              | 71,773              | 69,269              | 66,132              |
| Airport                                         | 5,086               | 4,798               | 4,973               | 4,808               |
| Golf Course                                     | -                   | -                   | -                   | -                   |
| Convention Center                               | -                   | -                   | -                   | -                   |
| Hohokam Stadium/Fitch Complex                   | -                   | -                   | -                   | -                   |
| Cubs Stadium                                    | -                   | -                   | -                   | -                   |
| District Cooling                                | 1,501               | 1,323               | 1,427               | 1,487               |
| Operating Grants and Contributions              | 339                 | 236                 | 268                 | 452                 |
| Capital Grants and Contributions                | 16,806              | 56,440              | 21,796              | 30,888              |
| Total Business-type Activities Program Revenues | <u>528,845</u>      | <u>526,694</u>      | <u>479,968</u>      | <u>470,683</u>      |
| Total Primary Government Program Revenues       | <u>\$ 760,444</u>   | <u>\$ 751,385</u>   | <u>\$ 706,259</u>   | <u>\$ 746,042</u>   |
| <b>NET (EXPENSE) REVENUE</b>                    |                     |                     |                     |                     |
| Governmental Activities                         | \$ (817,981)        | \$ (843,049)        | \$ (670,536)        | \$ (621,583)        |
| Business-type Activities                        | 130,864             | 120,421             | 108,469             | 127,098             |
| Total Primary Government Net Expense            | <u>\$ (687,117)</u> | <u>\$ (722,628)</u> | <u>\$ (562,067)</u> | <u>\$ (494,485)</u> |

**Table 2**  
(Continued)

| 2021                | 2020                | 2019                | 2018                | 2017                | 2016                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 42,635           | \$ 24,126           | \$ 23,812           | \$ 25,119           | \$ 23,152           | \$ 23,254           |
| 41,394              | 40,489              | 43,214              | 40,222              | 38,348              | 38,178              |
| 8,573               | 9,253               | 10,838              | 10,436              | 9,873               | 11,049              |
| 8,145               | 3,791               | 3,439               | 2,979               | 1,330               | 9,385               |
| 100,923             | 70,633              | 25,326              | 34,446              | 26,955              | 26,361              |
| 10,696              | 24,719              | 13,780              | 23,618              | 24,451              | 35,925              |
| <u>212,366</u>      | <u>173,011</u>      | <u>120,409</u>      | <u>136,820</u>      | <u>124,109</u>      | <u>144,152</u>      |
| 32,666              | 29,855              | 29,986              | 31,425              | 33,534              | 32,254              |
| 45,141              | 39,986              | 43,547              | 39,171              | 39,752              | 38,962              |
| 169,473             | 152,266             | 144,896             | 147,667             | 138,335             | 130,674             |
| 87,573              | 81,464              | 84,220              | 83,078              | 79,056              | 79,523              |
| 64,344              | 63,267              | 62,432              | 60,522              | 58,117              | 55,354              |
| 4,007               | 4,018               | 4,339               | 3,983               | 3,846               | 3,623               |
| -                   | -                   | 1,608               | 1,635               | 1,545               | 1,645               |
| -                   | 2,595               | 3,153               | 2,809               | 3,299               | 2,798               |
| -                   | 40                  | 75                  | 51                  | 54                  | 63                  |
| -                   | 221                 | 250                 | 238                 | 291                 | 201                 |
| 1,158               | 1,143               | 1,148               | 1,215               | 1,231               | 1,234               |
| 452                 | 1,632               | 2,316               | 2,406               | 158                 | 267                 |
| 34,719              | 35,896              | 19,692              | 23,474              | 28,711              | 16,929              |
| <u>439,533</u>      | <u>412,383</u>      | <u>397,662</u>      | <u>397,674</u>      | <u>387,929</u>      | <u>363,527</u>      |
| <u>\$ 651,899</u>   | <u>\$ 585,394</u>   | <u>\$ 518,071</u>   | <u>\$ 534,494</u>   | <u>\$ 512,038</u>   | <u>\$ 507,679</u>   |
| \$ (629,852)        | \$ (578,790)        | \$ (551,091)        | \$ (491,483)        | \$ (535,888)        | \$ (450,595)        |
| 110,498             | 92,175              | 118,890             | 105,336             | 96,097              | 77,236              |
| <u>\$ (519,354)</u> | <u>\$ (486,615)</u> | <u>\$ (432,201)</u> | <u>\$ (386,147)</u> | <u>\$ (439,791)</u> | <u>\$ (373,359)</u> |

**City of Mesa, Arizona**

## Table 2

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

**GENERAL REVENUES AND OTHER CHANGES  
IN NET POSITION**

|                                                   | <b>2025</b>       | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       |
|---------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>                   |                   |                   |                   |                   |
| Sales Taxes                                       | \$ 330,176        | \$ 329,821        | \$ 331,144        | \$ 301,862        |
| Property Taxes                                    | 46,308            | 47,924            | 46,906            | 52,005            |
| Occupancy Taxes                                   | 6,726             | 6,837             | 7,319             | 6,427             |
| Unrestricted Intergovernmental Revenues           | 266,556           | 290,065           | 246,412           | 211,534           |
| Contributions Not Restricted to Specific Programs | 36,803            | 27,428            | 31,799            | 7,771             |
| Investment Income (Loss)                          | 57,735            | 46,922            | 8,542             | (29,788)          |
| Miscellaneous                                     | 14,321            | 13,226            | 8,233             | 14,758            |
| Gain (Loss) on Sale of Capital Assets             | -                 | 200               | 1,854             | 1,856             |
| Transfers                                         | 138,746           | 127,134           | 119,599           | 115,607           |
| <b>Total Governmental Activities</b>              | <b>897,371</b>    | <b>889,557</b>    | <b>801,808</b>    | <b>682,032</b>    |
| <b>BUSINESS-TYPE ACTIVITIES:</b>                  |                   |                   |                   |                   |
| Occupancy Taxes                                   | -                 | -                 | -                 | -                 |
| Utility Development Fees                          | 4,067             | 7,395             | 14,142            | 21,021            |
| Investment Income (Loss)                          | 11,550            | 13,092            | 3,672             | (9,155)           |
| Gain (Loss) on Sale of Capital Assets             | -                 | -                 | -                 | -                 |
| Miscellaneous                                     | 12,812            | 7,783             | 1,252             | 1,199             |
| Transfers                                         | (138,746)         | (127,134)         | (119,599)         | (115,607)         |
| <b>Total Business-type Activities</b>             | <b>(110,317)</b>  | <b>(98,864)</b>   | <b>(100,533)</b>  | <b>(102,542)</b>  |
| <b>Total Primary Government</b>                   | <b>\$ 787,054</b> | <b>\$ 790,693</b> | <b>\$ 701,275</b> | <b>\$ 579,490</b> |
| <b>Change in Net Position</b>                     |                   |                   |                   |                   |
| Governmental Activities                           | \$ 79,390         | \$ 46,508         | \$ 131,272        | \$ 60,448         |
| Business-type Activities                          | 20,547            | 21,557            | 7,936             | 24,556            |
| <b>Total Primary Government</b>                   | <b>\$ 99,937</b>  | <b>\$ 68,065</b>  | <b>\$ 139,208</b> | <b>\$ 85,004</b>  |

**Table 2**  
(Concluded)

| <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 253,825        | \$ 219,932        | \$ 189,871        | \$ 169,024        | \$ 159,735        | \$ 151,826        |
| 47,247            | 45,068            | 36,013            | 35,571            | 34,684            | 33,825            |
| 3,990             | 2,564             | 3,246             | 2,628             | 2,536             | 2,331             |
| 206,397           | 183,189           | 175,278           | 167,540           | 158,916           | 149,350           |
| 19,052            | 36,912            | 65,189            | 80,312            | 46,817            | 44,928            |
| 2,308             | 16,002            | 13,729            | 1,912             | 448               | 2,210             |
| 21,315            | 16,374            | 11,531            | 5,418             | 11,161            | 6,008             |
| 17,229            | -                 | (27)              | (2,462)           | (1,411)           | -                 |
| 113,982           | 136,394           | 114,535           | 116,006           | 106,607           | 102,148           |
| <u>685,345</u>    | <u>656,435</u>    | <u>609,365</u>    | <u>575,949</u>    | <u>519,493</u>    | <u>492,626</u>    |
| -                 | 1,459             | 1,602             | 1,192             | 1,085             | 1,161             |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 45                | 7,618             | 8,004             | 1,691             | 983               | 3,020             |
| -                 | (801)             | 44,056            | 261               | 16,364            | (6,145)           |
| 192               | (3,397)           | 4,290             | 1,915             | 466               | 1,039             |
| <u>(113,982)</u>  | <u>(136,394)</u>  | <u>(114,535)</u>  | <u>(116,006)</u>  | <u>(106,607)</u>  | <u>(102,148)</u>  |
| <u>(113,745)</u>  | <u>(131,515)</u>  | <u>(56,583)</u>   | <u>(110,947)</u>  | <u>(87,709)</u>   | <u>(103,073)</u>  |
| <u>\$ 571,600</u> | <u>\$ 524,920</u> | <u>\$ 552,782</u> | <u>\$ 465,002</u> | <u>\$ 431,784</u> | <u>\$ 389,553</u> |
| \$ 55,493         | \$ 77,645         | \$ 58,275         | \$ 84,466         | \$ (16,395)       | \$ 42,031         |
| <u>(3,247)</u>    | <u>(39,340)</u>   | <u>62,307</u>     | <u>(5,611)</u>    | <u>8,388</u>      | <u>(25,837)</u>   |
| <u>\$ 52,246</u>  | <u>\$ 38,305</u>  | <u>\$ 120,582</u> | <u>\$ 78,855</u>  | <u>\$ (8,007)</u> | <u>\$ 16,194</u>  |

**City of Mesa, Arizona**

## Table 3

## Fund Balance, Governmental Funds

## Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

|                                     | <b>2025</b>       | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>GENERAL FUND</b>                 |                   |                   |                   |                   |
| Nonspendable                        | \$ 4,523          | \$ 4,860          | \$ 4,299          | \$ 3,185          |
| Restricted                          | -                 | -                 | -                 | -                 |
| Committed                           | 6,741             | 8,628             | 8,978             | 4,313             |
| Assigned                            | 217,638           | 215,138           | 184,499           | 171,743           |
| Unassigned                          | 210,091           | 194,106           | 177,640           | 152,526           |
| Total General Fund                  | <u>\$ 438,993</u> | <u>\$ 422,732</u> | <u>\$ 375,416</u> | <u>\$ 331,767</u> |
| <b>ALL OTHER GOVERNMENTAL FUNDS</b> |                   |                   |                   |                   |
| Nonspendable                        | \$ 843            | \$ 1,665          | \$ 997            | \$ 723            |
| Restricted                          | 465,448           | 360,119           | 332,645           | 296,748           |
| Committed                           | 26,326            | 27,600            | 27,011            | 25,677            |
| Assigned                            | 93,236            | 84,806            | 63,609            | 39,153            |
| Unassigned                          | -                 | (27,307)          | (47,977)          | (12,709)          |
| Total All Other Governmental Funds  | <u>\$ 585,853</u> | <u>\$ 446,883</u> | <u>\$ 376,285</u> | <u>\$ 349,592</u> |

Table 3  
(Concluded)

| 2021              | 2020              | 2019              | 2018              | 2017              | 2016              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 2,680          | \$ 2,301          | \$ 794            | \$ 2,304          | \$ 2,145          | \$ 4,035          |
| -                 | -                 | 26                | -                 | 146               | 184               |
| 18,529            | 19,910            | 14,016            | 10,377            | 528               | 227               |
| 79,024            | 42,515            | 30,869            | 28,346            | 19,367            | 10,703            |
| 188,375           | 130,342           | 90,190            | 89,347            | 92,240            | 79,657            |
| <u>\$ 288,608</u> | <u>\$ 195,068</u> | <u>\$ 135,895</u> | <u>\$ 130,374</u> | <u>\$ 114,426</u> | <u>\$ 94,806</u>  |
| \$ 928            | \$ 576            | \$ 1,196          | \$ 135            | \$ 37             | \$ 77             |
| 274,623           | 184,980           | 159,745           | 132,462           | 112,105           | 95,701            |
| 66,679            | 63,866            | 57,432            | 41,641            | 30,928            | 28,580            |
| 897               | 786               | 459               | 22                | 2                 | 6                 |
| (11,517)          | (1,043)           | (134)             | (176)             | (69)              | (155)             |
| <u>\$ 331,610</u> | <u>\$ 249,165</u> | <u>\$ 218,698</u> | <u>\$ 174,084</u> | <u>\$ 143,003</u> | <u>\$ 124,209</u> |

**City of Mesa, Arizona**

Table 4

Changes in Fund Balance, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

|                                                            | <b>2025</b>       | <b>2024</b>       | <b>2023</b>      | <b>2022</b>      |
|------------------------------------------------------------|-------------------|-------------------|------------------|------------------|
| <b>REVENUES</b>                                            |                   |                   |                  |                  |
| Sales Taxes                                                | \$ 330,176        | \$ 329,821        | \$ 331,144       | \$ 301,862       |
| Property Taxes                                             | 46,543            | 47,658            | 47,003           | 51,926           |
| Occupancy Taxes                                            | 6,726             | 6,837             | 7,319            | 6,427            |
| Special Assessments                                        | 1,737             | 1,736             | 1,830            | 1,830            |
| Licenses and Permits                                       | 44,305            | 39,954            | 46,116           | 48,574           |
| Intergovernmental                                          | 353,053           | 382,740           | 345,790          | 347,578          |
| Charges for Services                                       | 91,658            | 82,356            | 70,224           | 65,920           |
| Fines and Forfeitures                                      | 8,248             | 8,787             | 8,968            | 9,672            |
| Investment Income                                          | 54,764            | 44,051            | 8,227            | (27,716)         |
| Contributions                                              | 57                | 147               | 107              | 1,081            |
| Miscellaneous                                              | 11,995            | 14,818            | 8,367            | 7,332            |
| Total Revenues                                             | <u>949,262</u>    | <u>958,905</u>    | <u>875,095</u>   | <u>814,486</u>   |
| <b>EXPENDITURES</b>                                        |                   |                   |                  |                  |
| Current                                                    |                   |                   |                  |                  |
| General Government                                         | 160,894           | 133,471           | 122,514          | 110,608          |
| Public Safety                                              | 438,559           | 434,589           | 390,553          | 365,887          |
| Community Environment                                      | 126,557           | 125,473           | 107,001          | 127,637          |
| Cultural-Recreational                                      | 87,941            | 78,162            | 70,381           | 62,542           |
| Debt Service                                               |                   |                   |                  |                  |
| Principal                                                  | 55,420            | 53,749            | 53,495           | 54,032           |
| Interest                                                   | 20,114            | 19,288            | 18,732           | 19,283           |
| Service Charges                                            | 13                | 14                | 13               | 12               |
| Cost of Issuance                                           | 772               | 481               | 572              | 540              |
| Capital Outlay                                             | 211,642           | 213,194           | 176,745          | 167,628          |
| Total Expenditures                                         | <u>1,101,912</u>  | <u>1,058,421</u>  | <u>940,006</u>   | <u>908,169</u>   |
| Excess of Revenues Under Expenditures                      | <u>(152,650)</u>  | <u>(99,516)</u>   | <u>(64,911)</u>  | <u>(93,683)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                   |                   |                  |                  |
| Transfers In                                               | 218,873           | 219,576           | 189,252          | 143,814          |
| Transfers Out                                              | (91,571)          | (92,349)          | (73,332)         | (28,207)         |
| Sale of Capital Asset                                      | 568               | 579               | 2,019            | 2,004            |
| Face Amount of Bonds Issued                                | 154,266           | 83,340            | 11,975           | 34,155           |
| Financing of Leases                                        | 11,123            | 131               | 4,780            | -                |
| Premium on Issuance of Bonds (Net)                         | 14,622            | 6,153             | 559              | 3,059            |
| Issuance of Refunding Bonds                                | -                 | -                 | -                | -                |
| Payment to Refunding Bond Agent                            | -                 | -                 | -                | -                |
| Total Other Financing Sources (Uses)                       | <u>307,881</u>    | <u>217,430</u>    | <u>135,253</u>   | <u>154,825</u>   |
| Net Change in Fund Balances                                | <u>\$ 155,231</u> | <u>\$ 117,914</u> | <u>\$ 70,342</u> | <u>\$ 61,142</u> |
| Debt Service as a percentage of<br>Noncapital Expenditures | 8.14 %            | 8.44 %            | 8.73%            | 9.26%            |

Table 4  
(Concluded)

| 2021       | 2020       | 2019       | 2018       | 2017       | 2016        |
|------------|------------|------------|------------|------------|-------------|
| \$ 253,825 | \$ 219,932 | \$ 189,871 | \$ 169,024 | \$ 159,735 | \$ 151,826  |
| 47,253     | 44,970     | 36,005     | 35,616     | 34,675     | 34,765      |
| 3,990      | 2,564      | 3,246      | 2,628      | 2,536      | 2,331       |
| 1,832      | 1,661      | 1,274      | 1,174      | 2,125      | 1,433       |
| 42,635     | 24,126     | 23,812     | 25,119     | 23,152     | 23,254      |
| 316,871    | 277,396    | 213,051    | 223,800    | 200,820    | 191,360     |
| 41,394     | 40,489     | 43,214     | 40,222     | 38,348     | 38,178      |
| 8,573      | 9,253      | 10,838     | 10,436     | 9,873      | 11,049      |
| 2,287      | 14,026     | 10,840     | 1,608      | 331        | 1,483       |
| 130        | 2,295      | 255        | 429        | 360        | 961         |
| 7,036      | 9,487      | 6,688      | 5,547      | 4,348      | 3,994       |
| 725,826    | 646,199    | 539,094    | 515,603    | 476,303    | 460,634     |
| 98,423     | 96,141     | 98,009     | 90,209     | 86,360     | 79,448      |
| 308,271    | 291,674    | 277,313    | 266,459    | 261,892    | 254,528     |
| 127,421    | 90,207     | 76,623     | 73,404     | 68,403     | 65,559      |
| 45,596     | 47,639     | 48,636     | 46,143     | 43,744     | 43,651      |
| 45,793     | 46,929     | 39,511     | 34,738     | 32,587     | 107,383     |
| 17,443     | 18,208     | 18,185     | 18,477     | 17,994     | 18,905      |
| 14         | 14         | 19         | 14         | 15         | 14          |
| 2,038      | 838        | 874        | 1,023      | 1,271      | 1,505       |
| 156,985    | 120,602    | 92,637     | 76,279     | 82,062     | 91,784      |
| 801,984    | 712,252    | 651,807    | 606,746    | 594,328    | 662,777     |
| (76,158)   | (66,053)   | (112,713)  | (91,143)   | (118,025)  | (202,143)   |
| 185,897    | 163,801    | 147,590    | 176,572    | 139,516    | 122,572     |
| (71,915)   | (27,407)   | (33,055)   | (66,208)   | (31,931)   | (24,298)    |
| 21,597     | -          | -          | -          | -          | -           |
| 106,637    | 18,361     | 47,008     | 26,745     | 47,682     | 46,530      |
| 20,193     | 938        | 1,305      | 1,063      | 4,613      | 2,283       |
| 38,395     | -          | -          | -          | 47,450     | 43,304      |
| (48,661)   | -          | -          | -          | (50,891)   | (49,693)    |
| 252,143    | 155,693    | 162,848    | 138,172    | 156,439    | 140,698     |
| \$ 175,985 | \$ 89,640  | \$ 50,135  | \$ 47,029  | \$ 38,414  | \$ (61,445) |
| 9.08%      | 10.39%     | 10.07%     | 10.03%     | 9.88%      | 22.12%      |

**City of Mesa, Arizona**

Table 5

Sales tax Collections by Category

Last Ten Fiscal Years

(in thousands)

|                          | <u>2025</u>       | <u>2024</u>       | <u>2023</u>       | <u>2022</u>       |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Retail Sales             | \$ 173,096        | \$ 168,775        | \$ 169,720        | \$ 162,691        |
| Rentals                  | 44,199            | 54,491            | 51,391            | 47,574            |
| Utilities                | 23,861            | 21,609            | 19,982            | 18,412            |
| Restaurants & Bars       | 29,352            | 28,318            | 27,812            | 25,615            |
| Communications           | 3,516             | 3,360             | 3,493             | 4,026             |
| Amusements               | 2,939             | 2,861             | 2,716             | 2,354             |
| Publishing               | 475               | 523               | 478               | 943               |
| Miscellaneous            | 1,877             | 1,770             | 1,381             | 1,127             |
| Printing & Advertising   | 743               | 659               | 632               | 553               |
| Contracting              | 50,118            | 47,454            | 53,532            | 38,567            |
| Total                    | <u>\$ 330,176</u> | <u>\$ 329,820</u> | <u>\$ 331,137</u> | <u>\$ 301,862</u> |
| City Direct Tax Rate (1) | 2.00%             | 2.00%             | 2.00%             | 2.00%             |

(1) Mesa tax rate increased from 1.75% to 2.00% effective March 1, 2019.

Source: City of Mesa Tax & Licensing Division

Table 5  
(Concluded)

| <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 143,435        | \$ 115,525        | \$ 95,806         | \$ 84,640         | \$ 79,716         | \$ 76,160         |
| 38,149            | 35,885            | 31,754            | 28,003            | 26,340            | 25,578            |
| 17,511            | 16,287            | 14,964            | 14,199            | 13,575            | 13,251            |
| 21,716            | 19,345            | 17,961            | 16,065            | 15,002            | 14,240            |
| 4,730             | 5,162             | 4,365             | 3,876             | 4,432             | 4,229             |
| 1,351             | 1,755             | 1,941             | 1,624             | 1,581             | 1,561             |
| 477               | 463               | 408               | 362               | 526               | 688               |
| 1,154             | 1,131             | 943               | 986               | 1,313             | 1,068             |
| 479               | 495               | 507               | 413               | 446               | 428               |
| 24,821            | 23,867            | 21,222            | 18,856            | 16,806            | 14,623            |
| <u>\$ 253,823</u> | <u>\$ 219,915</u> | <u>\$ 189,871</u> | <u>\$ 169,024</u> | <u>\$ 159,737</u> | <u>\$ 151,826</u> |
| 2.00%             | 2.00%             | 2.00%             | 1.75%             | 1.75%             | 1.75%             |

**City of Mesa, Arizona**

Table 6

Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>City Direct Rate</b> | <b>Maricopa County</b> | <b>State of Arizona</b> |
|--------------------|-------------------------|------------------------|-------------------------|
| 2016               | 1.75 %                  | 0.70 %                 | 5.60 %                  |
| 2017               | 1.75 %                  | 0.70 %                 | 5.60 %                  |
| 2018               | 1.75 %                  | 0.70 %                 | 5.60 %                  |
| 2019               | 2.00 %                  | 0.70 %                 | 5.60 % (1)              |
| 2020               | 2.00 %                  | 0.70 %                 | 5.60 %                  |
| 2021               | 2.00 %                  | 0.70 %                 | 5.60 %                  |
| 2022               | 2.00 %                  | 0.70 %                 | 5.60 %                  |
| 2023               | 2.00 %                  | 0.70 %                 | 5.60 %                  |
| 2024               | 2.00 %                  | 0.70 %                 | 5.60 %                  |
| 2025               | 2.00 %                  | 0.70 %                 | 5.60 %                  |

(1): The City of Mesa increased its tax to 2.00% effective 3/1/19

Source: City of Mesa Tax & Licensing Office



mesa·az

**City of Mesa, Arizona**

Table 7

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands)

|                                     | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>      |                     |                     |                     |                     |
| General Obligation Bonds            | \$ 485,216          | \$ 352,848          | \$ 298,366          | \$ 335,174          |
| Highway User Revenue Bonds          | 7,836               | 18,977              | 29,916              | 40,420              |
| Excise Tax Revenue Obligation Bonds | 34,561              | 36,495              | 38,387              | 40,245              |
| Special Assessment Bonds            | -                   | -                   | -                   | -                   |
| Community Facilities District       | 92,463              | 96,350              | 102,630             | 95,193              |
| Leases                              | 22,391              | 22,077              | 24,714              | 23,025              |
| Technology Arrangements             | 6,774               | 1,900               | 2,866               | -                   |
| <b>Business-type Activities</b>     |                     |                     |                     |                     |
| Utility System Revenue Bonds        | 1,066,298           | 1,124,964           | 1,198,362           | 1,322,930           |
| Utility Revenue Obligations         | 645,828             | 348,085             | 155,366             | 92,203              |
| General Obligation Bonds            | -                   | -                   | -                   | -                   |
| Notes Payable                       | 667                 | 827                 | 983                 | 1,135               |
| Total Primary Government            | <u>\$ 2,362,034</u> | <u>\$ 2,002,523</u> | <u>\$ 1,851,590</u> | <u>\$ 1,950,325</u> |
| Percentage of Personal Income (1)   | 10.37%              | 9.58%               | 9.44%               | 9.74%               |
| Per Capita (1)                      | \$ 4,569            | \$ 3,911            | \$ 3,616            | \$ 3,832            |

(1) Information on personal income and population is presented on Table 12.

Table 7  
(Concluded)

| 2021                | 2020                | 2019                | 2018                | 2017                | 2016                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 353,434          | \$ 334,609          | \$ 370,479          | \$ 365,519          | \$ 374,443          | \$ 350,560          |
| 51,141              | 58,750              | 67,905              | 76,620              | 84,995              | 92,895              |
| 42,078              | -                   | 49,025              | 4,902               | 94,060              | 94,060              |
| -                   | 219                 | 438                 | 1,005               | 1,340               | 2,085               |
| 86,134              | 57,307              | 40,631              | 28,813              | 19,172              | 19,315              |
| -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   |
| 1,382,558           | 1,242,670           | 1,279,020           | 1,227,355           | 1,161,755           | 1,063,710           |
| 16,977              | -                   | -                   | -                   | -                   | -                   |
| 28                  | 151                 | 191                 | 236                 | 191                 | 390                 |
| 1,285               | 1,431               | 1,574               | 1,714               | 1,851               | 1,985               |
| <u>\$ 1,933,635</u> | <u>\$ 1,695,137</u> | <u>\$ 1,809,263</u> | <u>\$ 1,706,164</u> | <u>\$ 1,737,807</u> | <u>\$ 1,625,000</u> |
| 12.21%              | 10.99%              | 12.26%              | 12.62%              | 13.74%              | 13.79%              |
| \$ 3,837            | \$ 3,298            | \$ 3,541            | \$ 3,406            | \$ 3,525            | \$ 3,421            |

**City of Mesa, Arizona**

Table 8

Ratios of General Bonded Debt Outstanding

June 30, 2024

| Year | Secondary<br>Assessed<br>Value (1) | General<br>Obligation<br>Bonds | Less:<br>Amounts<br>Available<br>in Debt<br>Service<br>Fund | Total      | Percentage<br>of<br>Secondary<br>Assessed<br>Value | Per<br>Capita (2) |
|------|------------------------------------|--------------------------------|-------------------------------------------------------------|------------|----------------------------------------------------|-------------------|
| 2016 | \$ 2,757,913                       | \$ 350,983                     | \$ 2,618                                                    | \$ 348,365 | 12.63%                                             | \$ 733            |
| 2017 | 2,888,291                          | 374,755                        | 4,989                                                       | 369,766    | 12.80%                                             | 750               |
| 2018 | 3,048,893                          | 365,755                        | 5,384                                                       | 360,371    | 11.82%                                             | 719               |
| 2019 | 3,277,965                          | 373,827                        | 4,853                                                       | 368,974    | 11.26%                                             | 722               |
| 2020 | 3,516,377                          | 334,760                        | 3,535                                                       | 331,225    | 9.42%                                              | 644               |
| 2021 | 3,736,210                          | 353,462                        | 7,568                                                       | 345,894    | 9.26%                                              | 686               |
| 2022 | 3,990,099                          | 335,174                        | 8,095                                                       | 327,079    | 8.20%                                              | 643               |
| 2023 | 4,233,637                          | 298,366                        | 6,491                                                       | 291,875    | 6.89%                                              | 570               |
| 2024 | 4,517,096                          | 352,848                        | 5,562                                                       | 347,286    | 7.69%                                              | 665               |
| 2025 | 4,894,666                          | 485,216                        | 4,104                                                       | 481,112    | 9.83%                                              | 930               |

Source: (1) Maricopa County Finance Department Assessor's Office.

(2) Population figures are found on Table 12.

**City of Mesa, Arizona**

Table 9

Direct and Overlapping Governmental Activities Debt

June 30, 2025

(in thousands)

(in thousands)

| Governmental Unit                            | Debt<br>Outstanding | Estimated Percentage<br>Applicable to City of Mesa |              |
|----------------------------------------------|---------------------|----------------------------------------------------|--------------|
|                                              |                     | Percent (1)                                        | Amount       |
| <b>Debt repaid with property taxes</b>       |                     |                                                    |              |
| Maricopa County Community College District   | \$ 57,615           | 8.39%                                              | \$ 4,835     |
| Maricopa Special Health Care District        | 544,135             | 8.51%                                              | 46,279       |
| Mesa Unified School District No. 4           | 211,485             | 86.46%                                             | 182,852      |
| Gilbert Unified School District No. 41       | 108,900             | 29.37%                                             | 31,983       |
| Queen Creek Unified School District No. 95   | 103,600             | 42.31%                                             | 43,830       |
| Higley Unified School District No. 60        | 61,210              | 4.48%                                              | 2,741        |
| Tempe Union High School District No. 213     | 144,820             | 0.47%                                              | 682          |
| Tempe Elementary School District No. 3       | 161,650             | 1.10%                                              | 1,783        |
| Eastmark Community Facilities District No. 1 | 54,870              | 100.00%                                            | 54,870       |
| Eastmark Community Facilities District No. 2 | 5,040               | 100.00%                                            | 5,040        |
| Cadence Community Facilities District        | 12,200              | 100.00%                                            | 12,200       |
| <b>Other Debt:</b>                           |                     |                                                    |              |
| Maricopa County                              | 325,450             | 8.39%                                              | 27,312       |
| Subtotal, overlapping debt                   |                     |                                                    | 414,407      |
| <b>City direct debt (2)</b>                  |                     |                                                    | 649,240      |
| <b>Total Direct and Overlapping Debt</b>     |                     |                                                    | \$ 1,063,647 |

(1) Proportion applicable to the City is computed on the ratio of net assessed limited property valuation for fiscal year 2024

(2) Includes: General Obligation Bonds, Highway User Revenue Bonds, Excise Tax Revenue Obligations, Community Facilities District Bonds, Unamortized Bond Premiums, Lease and SBITA liabilities

Source: Hilltop Securities Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mesa. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**City of Mesa, Arizona**

Table 10

Legal Debt Margin Information

Last Ten Fiscal Years

|                                                                                                | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>6% Limitation (1)</b>                                                                       |                     |                     |                     |                     |
| Legal Debt Limitation                                                                          | \$ 594,733          | \$ 485,080          | \$ 378,486          | \$ 353,301          |
| General Obligation Bonds Outstanding                                                           | 15,005              | 4,926               | 808                 | 852                 |
| Total Debt Margin Available                                                                    | <u>\$ 579,729</u>   | <u>\$ 480,154</u>   | <u>\$ 377,678</u>   | <u>\$ 352,449</u>   |
| Total Net Debt Applicable to the 6% Limit as<br>A Percentage of the 6% Legal Debt Limitation   | 2.52 %              | 1.02 %              | 0.21 %              | 0.24 %              |
| <b>20% Limitation (2)</b>                                                                      |                     |                     |                     |                     |
| Legal Debt Limitation                                                                          | \$ 1,982,445        | \$ 1,616,935        | \$ 1,261,620        | \$ 1,177,671        |
| General Obligation Bonds Outstanding                                                           | 441,505             | 331,064             | 284,147             | 318,098             |
| Total Debt Margin Available                                                                    | <u>\$ 1,540,939</u> | <u>\$ 1,285,871</u> | <u>\$ 977,473</u>   | <u>\$ 859,573</u>   |
| Total Net Debt Applicable to the 20% Limit as<br>A Percentage of the 20% Legal Debt Limitation | 22.27 %             | 20.47 %             | 22.52 %             | 27.01 %             |
| Total Margin Available                                                                         | <u>\$ 2,120,668</u> | <u>\$ 1,766,025</u> | <u>\$ 1,355,151</u> | <u>\$ 1,212,022</u> |
| Full Cash Net Assessed Value                                                                   | <u>\$ 9,912,223</u> | <u>\$ 8,084,674</u> | <u>\$ 6,308,100</u> | <u>\$ 5,888,354</u> |

(1) Under Arizona law, cities can issue General Obligation Bonds for general municipal purposes up to an amount not exceeding 6 percent of the full cash net valuation.

(2) Under Arizona law, cities can issue General Obligation Bonds for purposes of water, artificial light or sewers, land for open space preserves, parks, playgrounds and recreational facilities, public safety, fire, streets and transportation up to an amount not exceeding 20 percent of the full cash net valuation.

Table 10  
(Concluded)

| <b>2021</b>             | <b>2020</b>           | <b>2019</b>           | <b>2018</b>           | <b>2017</b>           | <b>2016</b>           |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 317,794<br>2,715     | \$ 285,114<br>450     | \$ 196,678<br>518     | \$ 182,934<br>724     | \$ 173,297<br>846     | \$ 165,475<br>1,047   |
| <u>\$ 315,079</u>       | <u>\$ 284,664</u>     | <u>\$ 196,160</u>     | <u>\$ 182,210</u>     | <u>\$ 172,451</u>     | <u>\$ 164,428</u>     |
| 0.85%                   | 0.16%                 | 0.26%                 | 0.40%                 | 0.49%                 | 0.63%                 |
| \$ 1,059,313<br>331,690 | \$ 950,381<br>334,609 | \$ 655,593<br>370,152 | \$ 609,779<br>365,031 | \$ 577,658<br>373,909 | \$ 551,583<br>349,903 |
| <u>\$ 727,623</u>       | <u>\$ 615,772</u>     | <u>\$ 285,441</u>     | <u>\$ 244,748</u>     | <u>\$ 203,749</u>     | <u>\$ 201,680</u>     |
| 31.31%                  | 35.21%                | 56.46%                | 59.86%                | 64.73%                | 63.44%                |
| <u>\$ 1,042,702</u>     | <u>\$ 900,436</u>     | <u>\$ 481,601</u>     | <u>\$ 426,958</u>     | <u>\$ 376,200</u>     | <u>\$ 366,108</u>     |
| <u>\$5,296,564</u>      | <u>\$4,751,903</u>    | <u>\$4,329,347</u>    | <u>\$3,983,671</u>    | <u>\$3,707,067</u>    | <u>\$2,757,913</u>    |

**City of Mesa, Arizona**

Table 11

Pledged-Revenue Coverage

Last Ten Fiscal Years

(in thousands)

**Utility System Revenue Bonds**

| Fiscal Year | Operating Revenues (1) | Operating Expenses | Net Available Revenue | Debt Service |           | Coverage Ratio |
|-------------|------------------------|--------------------|-----------------------|--------------|-----------|----------------|
|             |                        |                    |                       | Principal    | Interest  |                |
| 2016        | \$ 323,099             | \$ 218,706         | \$ 104,393            | \$ 25,800    | \$ 44,794 | 1.48           |
| 2017        | 348,794                | 225,257            | 123,537               | 13,885       | 47,187    | 2.02           |
| 2018        | 361,863                | 228,933            | 132,930               | 31,354       | 50,739    | 1.62           |
| 2019        | 365,081                | 257,166            | 107,915               | 21,450       | 50,695    | 1.50           |
| 2020        | 366,838                | 285,610            | 81,228                | 36,350       | 55,061    | 0.89           |
| 2021        | 399,197                | 273,305            | 125,892               | 41,770       | 51,098    | 1.36           |
| 2022        | 433,048                | 281,381            | 151,667               | 47,890       | 53,469    | 1.50           |
| 2023        | 451,504                | 309,470            | 142,034               | 47,935       | 48,045    | 1.48           |
| 2024        | 463,897                | 337,544            | 126,353               | 49,390       | 45,659    | 1.33           |
| 2025        | 505,113                | 328,363            | 176,750               | 65,335       | 42,929    | 1.63           |

**Utility System Revenue Obligations**

| Fiscal Year | Operating Revenues (1) | Operating Expenses | Net Available Revenue | Debt Service |          | Coverage Ratio |
|-------------|------------------------|--------------------|-----------------------|--------------|----------|----------------|
|             |                        |                    |                       | Principal    | Interest |                |
| 2016        | \$ -                   | \$ -               | \$ -                  | \$ -         | \$ -     | -              |
| 2017        | -                      | -                  | -                     | -            | -        | -              |
| 2018        | -                      | -                  | -                     | -            | -        | -              |
| 2019        | -                      | -                  | -                     | -            | -        | -              |
| 2020        | -                      | -                  | -                     | -            | -        | -              |
| 2021        | -                      | -                  | -                     | -            | -        | -              |
| 2022        | 433,048                | 281,381            | 151,667               | -            | 666      | 227.73         |
| 2023        | 451,504                | 309,470            | 142,034               | 3,725        | 6,461    | 21.98          |
| 2024        | 463,897                | 337,544            | 126,353               | 8,460        | 12,171   | 6.12           |
| 2025        | 505,113                | 328,363            | 176,750               | 8,790        | 15,996   | 7.13           |

(1) Includes electric, gas, water, wastewater and solid waste systems.

(2) Excise tax revenues include city use and sales taxes, unrestricted license, fees and permits, fines and forfeitures, state-shared sales tax, state revenue sharing, and state shared vehicle license tax.

Table 11  
(Concluded)

| Fiscal Year | Special Assessment Bonds |           |          |                | Community Facility District Bonds |           |          |                |
|-------------|--------------------------|-----------|----------|----------------|-----------------------------------|-----------|----------|----------------|
|             | Debt Service             |           |          | Coverage Ratio | Debt Service                      |           |          | Coverage Ratio |
|             | Revenues                 | Principal | Interest |                | Revenues                          | Principal | Interest |                |
| 2016        | \$ 790                   | \$ 745    | \$ 138   | 0.89           | \$ 1,320                          | \$ 489    | \$ 832   | 1.00           |
| 2017        | 1,041                    | 745       | 98       | 1.23           | 1,612                             | 645       | 914      | 1.03           |
| 2018        | 289                      | 335       | 68       | 0.72           | 2,261                             | 984       | 1,197    | 1.04           |
| 2019        | 261                      | 567       | 49       | 0.42           | 3,010                             | 2,125     | 1,690    | 0.79           |
| 2020        | 288                      | 219       | 19       | 1.21           | 4,324                             | 1,685     | 2,321    | 1.08           |
| 2021        | 232                      | 219       | 6        | 1.03           | 5,940                             | 2,881     | 3,029    | 1.01           |
| 2022        | -                        | -         | -        | -              | 7,387                             | 3,667     | 3,446    | 1.03           |
| 2023        | -                        | -         | -        | -              | 8,920                             | 4,836     | 3,735    | 1.03           |
| 2024        | -                        | -         | -        | -              | 9,693                             | 5,984     | 3,899    | 0.98           |
| 2025        | -                        | -         | -        | -              | 7,582                             | 3,588     | 3,653    | 1.05           |

| Fiscal Year | Highway Project Advancement Notes |           |          |                | Excise Tax Revenue Obligations Series 2013 |           |          |                |
|-------------|-----------------------------------|-----------|----------|----------------|--------------------------------------------|-----------|----------|----------------|
|             | Debt Service                      |           |          | Coverage Ratio | Debt Service                               |           |          | Coverage Ratio |
|             | Revenues                          | Principal | Interest |                | Revenues (2)                               | Principal | Interest |                |
| 2016        | \$ 242,020                        | \$ 77,835 | \$ 324   | 3.10           | \$ 242,020                                 | \$ -      | \$ 4,703 | 51.46          |
| 2017        | -                                 | -         | -        | -              | 254,857                                    | -         | 4,703    | 54.19          |
| 2018        | -                                 | -         | -        | -              | 269,998                                    | 45,035    | 3,852    | 5.52           |
| 2019        | -                                 | -         | -        | -              | 282,502                                    | -         | 2,451    | 115.26         |
| 2020        | -                                 | -         | -        | -              | 298,110                                    | 49,025    | 1,226    | 5.93           |
| 2021        | -                                 | -         | -        | -              | -                                          | -         | -        | -              |
| 2022        | -                                 | -         | -        | -              | -                                          | -         | -        | -              |
| 2023        | -                                 | -         | -        | -              | -                                          | -         | -        | -              |
| 2024        | -                                 | -         | -        | -              | -                                          | -         | -        | -              |
| 2025        | -                                 | -         | -        | -              | -                                          | -         | -        | -              |

| Fiscal Year | Highway User Revenue Fund Revenue Bonds |           |          |                | Excise Tax Revenue Obligations Series 2020 |           |          |                |
|-------------|-----------------------------------------|-----------|----------|----------------|--------------------------------------------|-----------|----------|----------------|
|             | Debt Service                            |           |          | Coverage Ratio | Debt Service                               |           |          | Coverage Ratio |
|             | Revenues                                | Principal | Interest |                | Revenues (2)                               | Principal | Interest |                |
| 2016        | \$ 35,383                               | \$ 7,390  | \$ 4,844 | 2.89           | \$ -                                       | \$ -      | \$ -     | -              |
| 2017        | 38,048                                  | 7,900     | 4,473    | 3.08           | -                                          | -         | -        | -              |
| 2018        | 39,477                                  | 8,375     | 4,080    | 3.17           | -                                          | -         | -        | -              |
| 2019        | 42,406                                  | 8,715     | 3,663    | 3.43           | -                                          | -         | -        | -              |
| 2020        | 42,099                                  | 9,155     | 3,243    | 3.40           | -                                          | -         | -        | -              |
| 2021        | 45,049                                  | 9,645     | 2,796    | 3.62           | 354,315                                    | 645       | 861      | 235.27         |
| 2022        | 47,989                                  | 10,075    | 2,314    | 3.87           | 389,868                                    | 1,185     | 1,483    | 146.13         |
| 2023        | 48,007                                  | 10,000    | 1,812    | 3.87           | 437,250                                    | 1,245     | 1,442    | 162.73         |
| 2024        | 52,439                                  | 10,490    | 1,312    | 4.44           | 504,685                                    | 1,305     | 1,389    | 187.34         |
| 2025        | 53,307                                  | 10,880    | 786      | 4.57           | 490,847                                    | 1,375     | 1,324    | 181.86         |

**City of Mesa, Arizona**

Table 12

Demographic and Economic Statistics  
Last Ten Fiscal Years

| Year | Population | Personal                 | Per Capita         | Median<br>Age | Public School<br>Enrollment<br>(1) | Unemployment<br>Rate (2) |
|------|------------|--------------------------|--------------------|---------------|------------------------------------|--------------------------|
|      |            | Income<br>(in thousands) | Personal<br>Income |               |                                    |                          |
| 2016 | 475,274    | 11,783,944               | 24,794             | 35.7          | 65,049                             | 5.3 %                    |
| 2017 | 493,089    | 12,644,774               | 25,644             | 36.0          | 63,779                             | 4.5 %                    |
| 2018 | 501,137    | 13,522,180               | 26,983             | 36.2          | 67,025                             | 4.3 %                    |
| 2019 | 511,334    | 14,753,009               | 28,852             | 36.3          | 62,593                             | 4.6 %                    |
| 2020 | 514,144    | 15,423,806               | 29,999             | 36.3          | 62,490                             | 9.7 %                    |
| 2021 | 504,258    | 15,509,968               | 30,758             | 36.6          | 57,876                             | 6.6 %                    |
| 2022 | 509,475    | 18,217,807               | 35,758             | 37.8          | 58,595                             | 3.4 %                    |
| 2023 | 512,498    | 19,609,198               | 38,262             | 38.1          | 57,909                             | 3.9 %                    |
| 2024 | 511,648    | 20,897,751               | 40,844             | 37.9          | 57,311                             | 3.5 %                    |
| 2025 | 517,151    | 22,678,971               | 43,345             | 38.2          | 55,600                             | 4.0 %                    |

## Sources:

- (1) Arizona Department of Education
- (2) US Census Bureau

**City of Mesa, Arizona**

Table 13

## Principal Employers

Current Year and Nine Years Ago

| Employer                           | 2025          |      |                                     | 2016          |      |                                     |
|------------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
|                                    | Employees     | Rank | Percentage of Total City Employment | Employees     | Rank | Percentage of Total City Employment |
| Mesa Unified School District 4     | 7,977         | 1    | 4.67%                               | 8,435         | 2    | 5.39%                               |
| Banner Health                      | 6,468         | 2    | 3.78%                               | 9,573         | 1    | 6.11%                               |
| City of Mesa                       | 4,919         | 3    | 2.88%                               | 3,798         | 4    | 2.43%                               |
| The Boeing Company                 | 4,353         | 4    | 2.55%                               | 4,700         | 3    | 3.00%                               |
| Walmart                            | 2,988         | 5    | 1.75%                               | 2,541         | 5    | 1.62%                               |
| Maricopa County Community College  | 1,889         | 6    | 1.10%                               |               |      |                                     |
| Dexcom                             | 1,867         | 7    | 1.09%                               |               |      |                                     |
| Fry's Food Store                   | 1,232         | 8    | 0.72%                               | 1,128         | 7    | 0.72%                               |
| Home Depot                         | 1,132         | 9    | 0.66%                               |               |      |                                     |
| Maricopa County Government         | 1,094         | 10   | 0.64%                               | 986           | 9    | 0.63%                               |
| Gilbert Unified School District 41 |               |      |                                     | 1,229         | 6    | 0.78%                               |
| Drivetime Automotive Group         |               |      |                                     | 990           | 8    | 0.63%                               |
| Santander Consumer Holdings USA    |               |      |                                     | 970           | 10   | 0.62%                               |
| Total                              | <u>33,919</u> |      | <u>19.84%</u>                       | <u>34,350</u> |      | <u>21.93%</u>                       |

Source: Maricopa Association of Governments

**City of Mesa, Arizona**

Table 14

Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

|                         | <u>2025</u>       | <u>2024</u>       | <u>2023</u>       | <u>2022</u>       |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Function/Program</b> |                   |                   |                   |                   |
| General Government      | 986               | 938               | 944               | 870               |
| Public Safety           | 2240              | 2137              | 2,088             | 1,933             |
| Community Environment   | 227               | 214               | 212               | 180               |
| Cultural-Recreational   | 378               | 389               | 381               | 345               |
| Energy Resources        | 134               | 135               | 124               | 121               |
| Water Resources         | 271               | 284               | 279               | 261               |
| Solid Waste             | 151               | 150               | 153               | 158               |
| Airport                 | 14                | 13                | 14                | 13                |
|                         | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Total                   | <u>4,401</u>      | <u>4,260</u>      | <u>4,194</u>      | <u>3,880</u>      |

Source: City of Mesa Human Resources

Table 14  
(Concluded)

| <b>2021</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 854          | 848          | 865          | 826          | 811          | 860          |
| 1,882        | 1,870        | 1,758        | 1,711        | 1,707        | 1,647        |
| 194          | 187          | 189          | 195          | 194          | 189          |
| 313          | 320          | 340          | 315          | 289          | 599          |
| 116          | 116          | 117          | 120          | 118          | 116          |
| 265          | 271          | 264          | 257          | 249          | 238          |
| 148          | 147          | 147          | 148          | 147          | 138          |
| 11           | 11           | 12           | 11           | 11           | 11           |
| <b>3,782</b> | <b>3,770</b> | <b>3,690</b> | <b>3,582</b> | <b>3,526</b> | <b>3,798</b> |

**City of Mesa, Arizona**

Table 15

Operating Indicators by Function/Program  
Last Ten Fiscal Years

| <b>Function/Program</b>               | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|
| Police                                |             |             |             |             |
| Major Crimes                          | 9,657       | 10,050      | 10,333      | 11,491      |
| Traffic Accidents                     | 10,309      | 10,123      | 9,335       | 9,597       |
| Fire                                  |             |             |             |             |
| Fires                                 | 1,035       | 1,274       | 1,270       | 1,184       |
| Rescue or Emergency                   | 64,429      | 63,839      | 60,508      | 62,249      |
| False Alarms                          | 1,373       | 1,515       | 1,549       | 1,435       |
| Hazardous Conditions                  | 679         | 794         | 665         | 546         |
| Other Calls                           | 11,277      | 10,968      | 11,434      | 13,848      |
| Libraries                             |             |             |             |             |
| Number of Registered Borrowers        | 114,094     | 105,999     | 92,180      | 77,688      |
| Total Attendance                      | 689,123     | 649,237     | 579,666     | 473,261     |
| Access to Electronic Resources        | 1,423,810   | 1,307,988   | 1,403,603   | 1,149,289   |
| Electric Connections                  | 18,470      | 18,154      | 17,851      | 17,573      |
| Gas Connections                       | 80,161      | 77,050      | 74,354      | 72,182      |
| Water                                 |             |             |             |             |
| Connections                           | 165,637     | 160,456     | 159,783     | 156,290     |
| Average Daily Consumption (mgd)*      | 89.88       | 78.60       | 76.56       | 84.86       |
| Peak Daily Consumption (mg)**         | 122.60      | 119.40      | 113.78      | 118.92      |
| Wastewater                            |             |             |             |             |
| Connections                           | 136,694     | 135,843     | 134,757     | 132,412     |
| Average Daily Sewage Treatment (mgd)* | 34.90       | 35.50       | 33.60       | 34.40       |
| Solid Waste                           |             |             |             |             |
| Customers Served                      | 146,750     | 143,274     | 142,332     | 141,110     |
| Refuse Collected (tons)               | 244,471     | 267,977     | 273,190     | 254,442     |
| Recyclables Collected (tons)          | 30,220      | 31,152      | 30,610      | 35,734      |
| Green Waste Collected (tons)          | 11,910      | 14,509      | 13,711      | 14,337      |
| Falcon Field                          |             |             |             |             |
| Average Number of Aircraft Based      | 852         | 806         | 812         | 797         |
| Aircraft Operations (annual)          | 464,697     | 361,264     | 348,168     | 319,892     |

\* mgd - millions of gallons per day

\*\* mg - millions of gallons

Table 15  
(Concluded)

| 2021    | 2020      | 2019      | 2018      | 2017      | 2016      |
|---------|-----------|-----------|-----------|-----------|-----------|
| 12,132  | 11,716    | 11,559    | 12,347    | 13,151    | 13,208    |
| 6,402   | 6,267     | 6,637     | 6,599     | 6,966     | 6,968     |
| 1,428   | 1,113     | 1,004     | 1,144     | 1,153     | 1,053     |
| 55,878  | 54,478    | 54,139    | 53,183    | 50,024    | 49,743    |
| 1,190   | 1,210     | 1,373     | 1,087     | 989       | 1,083     |
| 543     | 518       | 505       | 471       | 488       | 507       |
| 12,464  | 15,520    | 14,337    | 11,536    | 14,034    | 10,613    |
| 85,827  | 106,062   | 117,974   | 119,489   | 121,340   | 122,810   |
| 116,499 | 671,069   | 1,131,120 | 1,061,875 | 1,067,207 | 1,157,394 |
| 980,380 | 1,073,373 | 1,159,536 | 1,131,101 | 1,272,859 | 1,345,977 |
| 17,558  | 17,026    | 17,018    | 17,066    | 16,991    | 16,854    |
| 70,281  | 68,624    | 65,993    | 63,969    | 62,010    | 60,384    |
| 153,586 | 151,634   | 148,877   | 146,172   | 144,276   | 141,824   |
| 85.91   | 89.77     | 78.66     | 79.26     | 78.59     | 78.55     |
| 124.77  | 128.91    | 117.77    | 117.47    | 119.73    | 116.62    |
| 130,775 | 127,763   | 127,000   | 130,343   | 128,782   | 126,359   |
| 33.60   | 33.60     | 34.50     | 34.60     | 34.10     | 34.30     |
| 137,537 | 136,739   | 134,777   | 131,991   | 129,479   | 127,517   |
| 245,542 | 244,697   | 241,307   | 232,756   | 232,812   | 236,849   |
| 40,176  | 39,697    | 32,227    | 32,367    | 35,546    | 35,499    |
| 10,921  | 13,643    | 20,236    | 16,688    | 19,639    | 20,602    |
| 821     | 724       | 752       | 717       | 689       | 663       |
| 336,631 | 349,300   | 326,255   | 288,122   | 289,801   | 270,702   |

**City of Mesa, Arizona**

Table 16

## Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| <b>Function/Program</b>                          | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|--------------------------------------------------|-------------|-------------|-------------|-------------|
| Police Stations                                  |             |             |             |             |
| Stations                                         | 8           | 8           | 8           | 8           |
| Vehicular Patrol Units                           | 431         | 401         | 326         | 301         |
| Fire Stations                                    | 22          | 21          | 21          | 21          |
| Libraries                                        | 4           | 4           | 3           | 3           |
| Parks and Recreation                             |             |             |             |             |
| Developed Parks (acres)                          | 2,362       | 2,166       | 2,100       | 2,074       |
| Undeveloped Acres                                | 21          | 351         | 370         | 397         |
| Swimming Pools                                   | 9           | 9           | 9           | 9           |
| Recreation Facilities                            | 6           | 6           | 6           | 6           |
| Community Environment                            |             |             |             |             |
| Streets (miles)                                  |             |             |             |             |
| Paved                                            | 1,594       | 1,518       | 1,638       | 1,629       |
| Unpaved                                          | 1           | 1           | 1           | 1           |
| Storm Sewers (miles)                             | 440         | 460         | 456         | 452         |
| Gas Mains (miles)                                | 1,552       | 1,521       | 1,481       | 1,454       |
| Water                                            |             |             |             |             |
| Mains (miles)                                    | 2,652       | 2,637       | 2,518       | 2,502       |
| Storage Capacity (millions of gallons) (1)       | 109         | 109         | 109         | 109         |
| Wastewater                                       |             |             |             |             |
| Mains (miles)                                    | 1,860       | 1,849       | 1,830       | 1,812       |
| Treatment Capacity (millions of gallons per day) | 70          | 70          | 70          | 70          |
| Solid Waste                                      |             |             |             |             |
| Collection Trucks                                | 97          | 99          | 95          | 96          |
| Golf Courses                                     | 1           | 1           | 1           | 1           |

Note 1: The decrease in FY 2020 is due to Reservoir DWR2 being out of service for rehabilitation.

Table 16  
(Concluded)

| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 8           | 8           | 8           | 8           | 8           | 8           |
| 298         | 300         | 287         | 281         | 281         | 287         |
| 20          | 20          | 20          | 20          | 20          | 20          |
| 3           | 4           | 4           | 4           | 4           | 4           |
| 2,023       | 2,139       | 1,929       | 1,929       | 1,918       | 1,901       |
| 394         | 719         | 861         | 861         | 475         | 633         |
| 9           | 9           | 9           | 9           | 9           | 9           |
| 6           | 6           | 6           | 5           | 5           | 4           |
| 1,625       | 1,485       | 1,482       | 1,476       | 1,387       | 1,427       |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 405         | 402         | 398         | 397         | 394         | 423         |
| 1,431       | 1,384       | 1,363       | 1,346       | 1,325       | 1,311       |
| 2,486       | 2,462       | 2,435       | 2,401       | 2,398       | 2,364       |
| 109         | 109         | 112         | 112         | 112         | 112         |
| 1,827       | 1,789       | 1,788       | 1,784       | 1,778       | 1,781       |
| 70          | 70          | 60          | 60          | 60          | 60          |
| 91          | 90          | 77          | 77          | 75          | 73          |
| 1           | 1           | 1           | 1           | 1           | 1           |



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